

Patrick William



Man versus chip Chess masters take



Today's surveys Channel Tunnel Madeira



IN TOMORROW'S Weekend FT On the trail of drug traffickers

FINANCIAL TIMES

Yemen nearer to civil war as jets hit rival capitals

Yemen edged closer to civil war as northern and southern army units battled each other in the streets and air force jets pounded rival capitals. Residents in Sansa, Yemen's federal capital, said southern air force jets struck the international airport and the presidential palace.

Yemen, one of the poorest countries in the Middle East with a modest oil production, has been plagued by political rivalry since Marxist South Yemen and tribal, conservative North Yemen merged four years ago. Page 16

Recovery boosts Kohl: German chancellor Helmut Kohl appeared to have reversed the trend of declining popularity both for himself and his Christian Democratic Union, in line with indicators showing a revival of economic activity. Page 16

News Corporation, Rupert Murdoch's media and publishing group, announced a 27.6 per cent increase in profits after tax but before abnormal items, to A\$852.8m (\$600m) in the nine months to end-March. Page 17; Lex., Page 16

Singapore caning sentence carried out



anian elections

US citizen Michael Fay (left), 18, was given four strokes of the rotan, a 4ft cane, in Singapore following his conviction for vandalism offences, including spray painting cars. President Bill Clinton condemned the caning. saying Singapore had made "a mistake". Singapore's ambassador

to the US was summoned to the state department to receive US protests. Page 4

Dispute over ABB bid for energy grant: A bid by Asea Brown Boveri, Europe's biggest electrical engineering company, to participate in a US programme to develop the next generation of turbines is running into opposition from General Electric, its largest US competitor. Page 5

Fiske subpoenas White House files: Whitewater special prosecutor Robert Fiske subpoenaed all White House files pertaining to Vincent Foster, the deputy White House counsel who police say killed himself last summer.

Palestinians prepare for self-rule: An advance team of Palestinian policemen toured the Gaza Strip amid fears the Palestine Liberation Organisation would not be able to implement swiftly its self-rule agreement with Israel, Page 16; PLO denies being unready, Page 4

Rhône Poulenc, French chemicals and pharmaceuticals group privatised last year, reported a sharp fall in first quarter net profits to FFr189m (\$32.4m) from FFr676m in the first three months of 1993. Page 17

Russian electoral fraud alleged: Last year's referendum which approved the Russian constitution was invalid because 50 per cent of voters did not take part, according to a report which alleges massive corruption at every level of vote counting. Page 3

Socialist MEPs' boycott infuriates italy: Socialist Euro-MPs provoked a furious reaction from Italy's president after voting to boycott any Italian neo-fascists taking part in EU institu-

Listing for PT indosat: Indonesia is to list 25 per cent of PT indosat, state-owned telecommunications group, in New York and has hired Merrill Lynch as lead underwriter. Page 17

Party of dictators set for Panama win: The party of Panama's former military dictators, Omar Torrijos and Manuel Noriega, is heading into Sunday's presidential elections as favourite to provide the country's next head-of-state. Page 6

Turkey acts on banks: The Turkish government moved to restore confidence in the banking system in the wake of recent bank collapses, announcing it would provide unlimited deposit insurance cover in the case of a bank going under. Page 2

Market fears over Sri Lanka: Sri Lankan shares have fallen sharply amid concerns about the stability of president D.B. Wijetunga's govern-

Firefighters suspected in Malibu blaze: A Los Angeles firefighter was taken off active duty and another suspended after investigators blamed them for setting last year's \$375m fire that killed three people and destroyed 350 homes.

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ANC close to crucial two-thirds majority in poll

By Michael Holman and Mark man in Johannesburg

South Africa's Independent Electoral Commission is expected to release final results today confirming the overwhelming vic-tory of Mr Nelson Mandela's African National Congress in last

week's all-race poll.

Any further delay in the count could upset the timetable leading to Mr Mandela's inauguration as sident next Tuesday. Leaders of all parties regard it as unthinkable that the event. expected to be attended by more than 40 presidents, prime minis-

resentatives, should be post-

The latest official count, based on figures made available last night, showed the ANC edging further towards the two-thirds majority in the 400-member National Assembly that would give it the power to draft the country's constitution.

The commission's latest batch of figures, encompassing more than 70 per cent of the estimated electorate, showed the ANC consolidating its lead with 65.4 per cent of the vote. The National party, led by outgoing president

ters and other leading state rep- F.W. de Klerk, was second at 20.3 per cent and the Inkatha Freedom party third on 7.9 per cent.

The assembly is required to draw up a new constitution which will be the basis of the next election, due to take place by 1999. The principles of this constitution, however, have already been agreed in the course of multi-party negotiations which ended late last year.

The strong support for the ANC will also reinforce its dominance of the cabinet, where posts will be allocated according to the parties' electoral showing. Mr Mandela has hinted, however,

that he will offer ministries to the liberal Democratic party and the radical black Pan Africanist Congress, although none is likely to achieve the minimum 5 per cent of the vote required for cabi-

net representation.
The Freedom Front's share stood last night at 2.2 per cent while the DP had 1.6 per cent and the PAC 1.3 per cent. This was based on 16.4m votes counted out of an estimated turnout of close

Acknowledging that counting continued to be slow, the comthe tallies was holding up the

The decision on Wednesday by Mr Justice Johann Kriegler, head of the IEC, to allow the parties to interpret disputed ballots according to a complicated weighting system attracted vigorous criticism yesterday. In a front-page editorial, Busi-

ness Day newspaper accused Mr Justice Kriegler of "dissembling" and hiding "the full truth of the political deals he has helped cut with major parties from the millions of voters whose commitment and hope gave the election

Jittery markets dropped further on the lack of new information. The financial rand, the main barometer of international investor confidence, shed 6 cents in London to close at R4.79 to the dollar, a decline of nearly 5 per cent over the past two days. The stock market's overall index finished 22 points down at 5.231.

"The mood's very nervous at the moment," observed one broker. However, the gloom was par-tially offset by an announcement from President Bill Clinton that US aid to South Africa would total \$600m over the next three

Blow to Spanish PM as former finance and interior ministers resign seats in Cortes

González vows to stay on and fight corruption

By David White in Madrid

Mr Felipe González, the Spanish prime minister, stated firmly yes-terday that he intended to maintain his hold on government and to tackle the corruption cases at the source of the country's politi-

He said it would be "an irresponsible act" to resign and rejected a snap election. He was nevertheless badly wounded when his former finance minister and political soul-mate, Mr Carlos Solchaga, quit as leader of the ruling Socialist parliamentary party and resigned his seat in the Cortes.

Mr Solchaga's appointment last year was an important element in Mr González's effort to weaken the grip leftwing Socialists had enjoyed over the parliamentary party for more than a decade. His position had been called into question because of his

staunch backing, as finance minister, for Mr Mariano Rubio, the former Bank of Spain governor who now faces fraud charges. Mr González's statement, broadcast live on television and radio, came after reassurances

from Catalan and Basque regional parties that they did not intend to destabilise the minority Socialist government.

His appearance brought relief to nervous securities and foreign exchange markets. The Madrid

general share index rose 1.5 per cent, regaining most of the ground lost on Wednesday because of the crisis, and the peseta recovered somewhat after falling sharply against the dollar and D-Mark. Mr González rejected the idea

of a wider cabinet reshuffle after

the resignation of his interior and agriculture ministers in connection with correction scandals. Mr Rusio and Mr Manuel de la Concha, a former stock exchange head who handled his investment tody without bail at Madrid's Carabanchel prison yesterday after being arrested on Wednes-

day night. A former interior minister, and close González aliy, Mr Jose Luis Corcuera, also resigned his parliamentary seat yesterday because of his connection with Mr Luis Roldan, ex-chief of the paramilitary Guardia Civil, who went missing last Friday. An international arrest warrant has been issued for Mr Roldan alleging tax fraud, bribery, misappro-

priation and other offences. The latest resignations will not affect the parliamentary balance since the Spanish system provides for the seats to be filled by

the same party.

Mr González held talks early yesterday in Madrid with Mr Jordi Pujol, leader of the Catalan nationalist party whose support



Felipe González: determined to fight the corruption allegations at the heart of Spain's political crisis

majority in parliament. He assured Mr Pujol the government would press ahead with a freemarket economic programme and

combat corruption.
Expressing confidence that the government had the support it needed, Mr González dismissed suggestions that he would be a "hostage" to Catalan demands. He said there was no reason for early elections, nor for a confidence vote now in parliament, although he did not rule this out. Mr González accepted that the

the Socialists rely on to carry a government was going through majority in parliament. He "a bad moment" and that confidence had been undermined. Mr Juan Alberto Belloch, 44-

year-old justice minister, was appointed to take over the interior-ministry in a combined portfolio. The new agriculture minister is Mr Luís Atienza, 36, now undersecretary for energy.

Markets recover. Page 2

Respite for dollar ahead of jobs data

By Philip Gawith in London and Patrick Harverson in New York

The US won some respite in its battle to defend the dollar yesterday, as many investors took to the sidelines ahead of important

US April jobs data today.

The dollar was firmer in quiet trading on the foreign exchanges. with some traders clearly chastened by Wednesday's concerted round of intervention by more than 15 central banks to back the

ailing US currency.
"The market's clearly taking a pause to see what happens with the [jobs] numbers," said Mr Steve Geovanis, head of foreign exchange trading at Merrill

Lynch in New York. By 1pm in New York, the dollar was up almost 1 pfennig against the D-Mark at DM1.6635, and nearly Y1 at Y102.63. Dealers said the market appeared to have set a temporary "floor" for the cur-

rency at DM.6550 and Y102.50. The consensus among observ ers was that while the intervention had succeeded in breaking the bearish dollar psychology, supportive policy measures in the form of lower German interest rates, higher US rates and market access measures in Japan, would be necessary to turn the dollar around. Mr

Continued on Page 16 Editorial Comment, Page 15; Bonds, Page 24; London stocks, Page 29; Currencies, Page 34; World stocks, Page 36

Liquidators to sue directors over the collapse of BCCI

against the board members of BCCI, which was closed by regu-

Khalid bin Mahfouz and National Commercial Bank of Saudi

Partners from Touche Ross, the accountancy firm, issued the writ in the last few weeks through the courts inLuxembourg where the BCCI holding company is regis-

since the early 1980s of the government of Abu Dhabi, the majority shareholder in the bank, has not been named.

The decision to exclude his name reflects an attempt by the liquidators to prevent any diffi-culties in finalising an agreement with Abu Dhabi over a payment of \$1.8bn in exchange for a

But it is believed the liquidators have not discounted the possibility of adding Mr Mazrui's name in future if the agreement with Abu Dhabi ultimately founders.

Those named in the writ include Mr Alfred Hartman, Mr

In an interview with the Finan-Mazrui protested his innocence even though he was on the BCCI board for 10 years before the closure. "I can say from now till the Day of Judgment from what I can see no one on the board knew about the fraud. We never, never suspected," he said.

Mr Hartman said yesterday: "If anything happens the directors will defend themselves. They were not aware of the fraud. which was very, very cleverly done. They have acted the best they could." The other directors could not be contacted yesterday.

The liquidators continue to negotiate with the BCCI creditors' committee and the government of Abu Dhabi over the details of an agreement tenta-

tively approved in March. Meanwhile, accountants Price Waterhouse and Ernst & Whinney, now part of Ernst & Young, in the last few days filed their defences to a claim from the liquidators for up to \$11bn for their

Channel Turnel

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By Andrew Jack in London Lamarche, Mr J D Van Oenen and Sheikh Khalid, former chief operating officer of National The liquidators to the collapsed Bank of Credit and Commerce Commercial Bank. However, one director, Mr International are suing the bank's directors for failing in Ghanim Faris Al Mazrui, the representative on the BCCI board their duties, it emerged yester-

day.

The action is significant because it is the first move

lators in July 1991 after evidence emerged of widespread fraud. It comes on top of litigation to recover funds for creditors brought by the liquidators against BCCI's auditors, the Bank of England and Sheikh

Cliff Twitchen, Mr Yves

waiver of future legal action.

The writ is not a public document, and is couched in general terms alleging that the directors failed in their duties under Luxembourg company law. It is not expected to advance quickly to

allegedly faulty auditing of BCCL CONTENTS :: -Gold Markets ... London SE Int. Bond Service

___32-36

Managed Funds ___

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO O THE FINANCIAL TIMES LIMITED 1994 No 32,359 Week No 18

By John Murray Brown

The Turkish government yesterday moved to restore public confidence in the banking system in the wake of recent bank collapses, announcing it would provide unlimited deposit insurance cover in

the case of a bank going under. The move follows criticism of the handling last month of the closure of three small private banks - Turkish Tourism and Investment Bank TYT. Marmara Bank and Impex-

It also reflects growing offi-cial concern that other banks could be hit by a run on deposits in the wake of a 50 per cent depreciation of the lira and the recent hank closures.

Announcing the scheme, Mrs Tansu Ciller, prime minister, said press speculation about the health of the banking sector had "created an uncertain atmosphere".

IBCA, the London rating agency, estimates around 12 per cent of foreign exchange deposits were withdrawn in the first six weeks of the crisis. Bankers say it is considerably more today.

Until now, under the central bank's deposit insurance a depositor would be paid up to TL150bn. The new scheme, which does not cover the three failed banks, will have no upper limit, and will cover lira and foreign

exchange deposits. The move was criticised by some bankers, who pointed out that without the risk that depositors might lose their money, competition between banks would now be decided not by the quality of the management but by the interest rates being offered.

However a shakeout seems unavoidable. This week, Garanti Bank, one of the stronger private banks, took over the troubled Bank Ekspres, and brokers say a number of other banking assets could soon be

up for sale. Yesterday's move on deposit insurance comes in the wake of earlier action to introduce a lifeboat system for banks suffering a run on deposits. It coincides with a mission by the International Monetary Fund ers recentiv unveiled austerity programme. If the Fund approves the pack- steel works.

age, Turkey will sign a letter of intent, paving the way for nt on a standby facility, and allowing Turkey to return to international debt

Turkey's creditworthiness is certain to be affected by the way the government settles the eign liabilities of the three failed banks, which are esti-mated at \$200m. Twelve of the leading bank creditors were told by the Treasury last week there would be no repayment guarantee, and settlement would be made as part of the liquidation of the banks, which

may take months.

The creditors group includes
UBS and SBC of Switzerland, National Bank of Australia, Commonwealth Bank, the Australlen state bank and the French banks Parihas and the state-owned Banque Française Commerciale Extérieure.

Half of the liabilities repre sent letters of credit and preexport financing for Turkish

• The World Bank has approved a \$100m credit to support Turkey's privatisation plans, in a clear signal of support for the government's recent economic austerity pro-

The bank loan, repayable over 17 years with a five-year grace period, will cover the cost of foreign bank consultants, legal advisers and public relations experts. It will also help finance a labour restructuring programme including work on a social safety net, and a feasibility study for the Zonguldak region, where the ernment has earmarked the coal mines for closures.

The government plans to raise \$3.5bn in 1994 to help close the budget gap. With international debt markets all but closed to Turkey in the wake of repeated downgradings by international credit agencies, revenues from privatisation are critical to Turkey's balance of payments. In 1994, the government is

aiming to sell Tupras, the state oil refinery corporation, and Petrol Ofisi, the retail operator, either to a strategic industrial huver or through an international share flotation or a combination of the two. Turk Hava Yollari, the Turkish airline, is

Socialist Euro-MPs' boycott infuriates Italy

By David Gardner in Streebourg and Robert

Socialist Euro-MPs yesterday provoked a furious reaction from Italy's president after voting to boycott any Italian neo-fascists taking part in EU insti-tutions. The action follows last month's election victory by Mr Silvio Berlusconi's three party coalition, which includes the far-right MSI/National Alli-

The Socialists, set to dominate the increasingly powerful Strasbourg assembly after next month's Euro-elections, say they will withhold co-operation from the Council of Ministers of the 12 on vital issues like the EU budget if Italy is represented there by neo-fascist

They have also decided to block parliament's mandatory endorsement of the new European Commission - due to take over in 1995 – should a Berlusconi government seek to send a neo-fascist Commissioner to

taneous angry reply from Italy's President Oscar Luigi Scalfaro and cast a cloud over the formation of the next Ital-President Scalfaro was so

The move brought an instan-

furious over what he regarded as an unwarranted interfer-EU member that within eight

minutes of the vote he had issued a formal reply. The lapidary tone of the reply made his feelings clear. "Italy's adherence to principles

and values that form the basis of Europe is crystal clear and need no one to either tell us this or offer to give us les-The full parliament, in which

Wednesday night to remind Italy that it "must be faithful to the fundamental values which lay behind the foundation of the European Commi

the Socialists are already the

largest bloc, voted late on

dented intervention in the poli-

clate itself from its fascist carried by 189 to 188. The

The Strasbourg vote comes Christian Democrats, now the at an awkward moment for the second largest bloc at Strasbourg, including the parliament's president, Mr Egon media magnate turned politician. Mr Berlusconi's efforts to form a government are found-Mr Jean-Pierre Cot, leader of the Socialist MEPs, said yesterering on the insistence of the populist Northern League of Mr Umberto Bossi on the key day: "This Union was founded portfolio of the interior minison the ashes of fascism." He denied interference in Italy's

Mr Bossi has threatened to internal affairs, saying that stay out of the government unless this post is given to the League. If the deadlock is not "we are delivering a warning that this Union is a partnership which depends on shared broken within the next 24 hours, Mr Berlusconi could Italian opposition parties well have to rely for his main support outside his Forza Italia exploited the vote to remind Mr Berlusconi he faced probmovement on the MSI. The lems in allying so openly with the MSI which had yet to disso-League would merely offer

unstable external backing in

parliament. In Strasbourg the Socialists also decided to expel from their bloc any MEP seen as siding with Mr Berlusconi's Forza Italia group. They have three to four MEPs in their sights including Ms Maria Magnani Noya, a vice-president of the Parliament for the nearly defunct Italian Socialist

Party. Last week. the so-called Rainbow Group of regional parties in the parliament asked its two members from the Lonbard League - the third ele-ment in Mr Berlusconi's coalition - to leave their bloc, because of their alliance in Italy with the neo-fascists.

GONZALEZ'S

WEEK OF

and vanishes.

portfolio.

DISASTERS

FRIDAY - Ex Civil Guard

chief Luis Roidán fails to

appear before magistrate

TUESDAY - Roldan . threat-

ens in interview to bring

WEDNESDAY - Farm minis-

ter Vicente Albero resigns.

admitting he failed to pay

some tax on investment

Former Bank of Spain gov-

ernor Mariano Rubio and

former stock exchange chief

Manuel de la Concha

arrested on charges of tax

fraud and falsifying docu-

 International arrest warrant issued for Roldan to face

charges including bribery,

fraud and misappropriation

THURSDAY - Rubio and De

la Concha remanded at

Madrid's Carabanchel jail.

- Former economy minister

Carlos Solchaga resigns as

Socialist parliamentary

leader and MP over Rubio

Former interior minister

José Luis Corcuera resigna

Justice minister Juan

Energy undersecretary

Prime Minister Felipe

Luis Atienza promoted to

Gonzélez says he will stay

on to fight corruption and

pursue economic recovers

Alberto Belloch takes over

interior ministry.

agriculture minister.

as MP over Roldan affair.

of public funds.

others down with him.

Spain's prime minister is given the benefit of the doubt as corruption scandals claim more victims

8.5%

Klepsch, voted against.

Markets recover after going to brink

By Tom Burns in Madrid

Jittery stock, bond and currency markets were belatedly giving Spain's embattled prime minister, Mr Felipe González, the benefit of the doubt yesterday as he strugded to regain the initiative in the face of a series of corruption scandals that have rocked

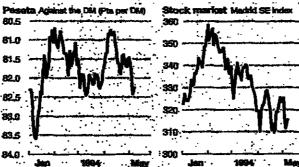
The stock market began the day by plunging to a one-year low and the peseta depreciated sharply until investors' nerves steadied as Mr González, in a pre-lunch press conference.

pledged to regain the initiative. A succession of scandals, which have prompted the resignation of two cabinet ministers and turned the former head of the paramilitary civil guard into a fugitive from justice, claimed their most senior political victim yesterday when Mr Carlos Solchaga, former finance minister, resigned as parliamentary leader of Mr González's ruling Socialist party.

Hours earlier Mr Mariano Rubio, twice appointed by Mr Solchaga as governor of the Bank of Spain, was arrested and held in custody on fraud charges along with his friend and former broker Mr Manuel de la Concha, a former head of the Madrid stock

Mr González's announcement that he would neither resign nor call a snap election checked an early morning run on the peseta that brought it down to Pta83 against the together with Erdemir iron and Pta82.1 fix and the currency ended the day at Pta82.3.

Spain: scandais take their toll

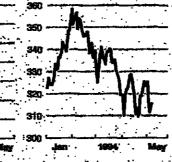


The prime minister's move also reined in a widening spread in benchmark 10-year bond vields. The suread for the domestic bonds pushed up to 320 basis points against Germany's long-term bonds before falling to close to 300 basis points amid considerable vola-

The Madrid stock market general index, which had dropped to a year-low of 307 in early trading after a fall of nearly six points on Wednesday, railied in the afternoon to close at 316.25, 1.5 per cent up on Wednesday's close. Analysts stressed that the

beleagured Mr González may have only gained a passing relief for the Spanish markets. It could be only a temporary respite," said Mr Antonio Pulido of Madrid broker's FG. "We have not seen volatility like this since the general elections

The consensus view is that fuelled the volatility will not be wholly resolved until after



the European elections on June 12 when the government's popularity will be

"On June 13 we will know whether González is really strong enough to ensure stability," said Ms Monica Morales, a senior broker at Société Génér ale in Madrid The markets still appear to perceive Mr González as living

on borrowed time and as a hostage of the Catalan nationalists in parliament who have so far supported his government. They forecast that a humiliating defeat for his Socialist party next month would prompt the Catalans to withhold their support and trigger an October election. The markets also fear, in

particular, that a further bout of corruption disclosures by the press could rock Mr González's credibility once more. "There are still a few loose cannon on the Spanish rid Mi

Bonds 10 year benchmark yield

Mariano Rubio warnor. Bank of Spain



of Madrid brokers Maxwell and Solchaga: Socialist parliamentary leader and former finance minister is scandal's most senior victim Espinosa.

Enlargement of the European Union could be jeopardised if Swedes vote No in their referendum, Mr Esko Aho, Finnish prime minister, warned yester-

His warning introduced fresh uncertainty into plans to admit Austria, Finland, Sweden and Norway into the Union by January 1 1995. The Finnish premier suggested that some of the existing 12 member states might refuse to ratify the accession treaties for Austria, Finland and Norway if Sweden, which will be a net contributor to the EU budget, declined to join. The treaties must be ratified by all 12 EU member

Polls show solid support for EU membership in Austria and Finland, though many remain undecided. In Sweden a well funded campaign coupled with an unpopular government has left the outcome of the referendum in doubt. Norwegians are seen as the most resistant to

membership.
The Finnish government is in the middle of difficult internal negotiations on the size of compensation to be paid to Finnish farmers who must drastically reduce their producer prices to EU levels once Finland joins the Union. The cost to the national budget is likely to be 10 billion markkaa (\$1.8bn), Mr Aho said.

Mr Aho's centre party is split over membership, because of vice for Europe as well."

But behind his remarks lies a broad concern about Finland joining a future Union without Sweden, its large and wealthy neighbour. This has led to divisions within the government about the timing of the Finnish referendum. Mr Aho said he favoured

holding a referendum on the same day as Sweden, that is some time after the Swedish general election in September. But president Martti Ahtisaari said he supported an early Finnish referendum before the Swedes vote. "There is no question that our vote will have an effect on others. If we vote Yes, we can do a favour for ourselves and a ser-

programme, and rejects snap election. THE FINANCIAL TIMES
Published by The Financial Times (Europe)
Grabel Michelangenplatz J. 60313 Franklist
am Mann, Germany, Telephone ++49 69 150
850, Fax ++49 69 5964-813, Telex 416193.
Represented on Franklist by J. Walner Broad,
Wilhelm J. Brissel, Colin A. Kennard in
Geschäftsführer und is London by David
U.M. Beit and Alan C. Miller, France: DVM
Druck-Vertrieb und Marketing Grabel.
Admiral-Rosendahl-Strasse B., 43263
Neu-Iseaburg (owned by Hürriyet
International). ISSN. ISSN 0174-7363
Responsible Editor. Richard Lumbert, clo The
Financial Times Limited,
Number One Southwark Bridge, London SEI
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(Europe) Grabel are: The Financial Times
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Mitterrand rules out nuclear tests | Swedes 'vital to larger EU'

By David Buchan in Paris

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President Mitterrand forecast yesterday that France would never again set off test explosions of nuclear weapons, unless another major atomic power broke the test moratorium which the French leader set in train two years ago.

Mr Mitterrand reaffirmed that he would not allow nuclear tests during his remaining year in the Elysée, and predicted that his successors would not dare resume testing for fear of "offending the whole world by relaunching the nuclear arms race".

Delivering a 90-minute discourse on his nuclear policy to France's military establishment, Mr Mitterrand's statement was as much a challenge as prediction to Mr François Léotard, the defence minister who sat poker-faced in front of him. Like most in the conservative government, Mr Léotard is committed to at least re-examining the nuclear test issue once the socialist president leaves office next May.

Indeed the president challenged the French military establishment to have the "talent and imagination" to keep France's atomic arsenal up to date by simulating tests in laboratories rather than by setting off more explosions in or der its Mururoa atoll in the south Pacific. The FFr10bn set aside for nuclear test simulation in the defence spending programme for 1995-2000 gave

Most French conservative defence experts believe that France still needs a few more live tests, if only to calibrate laser, radiographic, and computer techniques used in laboratory simulation.

But the president claimed France need not fear "any nasty surprise" by renouncing testing, and so setting an example to other near-nuclear countries in the renegotation of the Non-Proliferation Treaty next year. The US was the only nuclear power which could make gains relative to France, because Washington had been working on simulating tests since the early 1960s, and Franco-American

it sufficient resources, Mr Mit-terrand claimed. relations were sufficiently by Lionel Barber in Helsinki good that France had nothing to fear from that quarter. However, Mr Mitterrand yesterday showed himself a traditional gaullist in every other aspect of nuclear power. A

French president could not share the decision to use

nuclear weapons "with any foreign authority", he said, and that was why France had been right to leave Nato's integrated command in 1966 and to stay out. Eventually, Europe might be sufficiently united politically for France to consider its vital national interests synonymous with those of its European Union partners. But the pro-European president implied that day was still distant.

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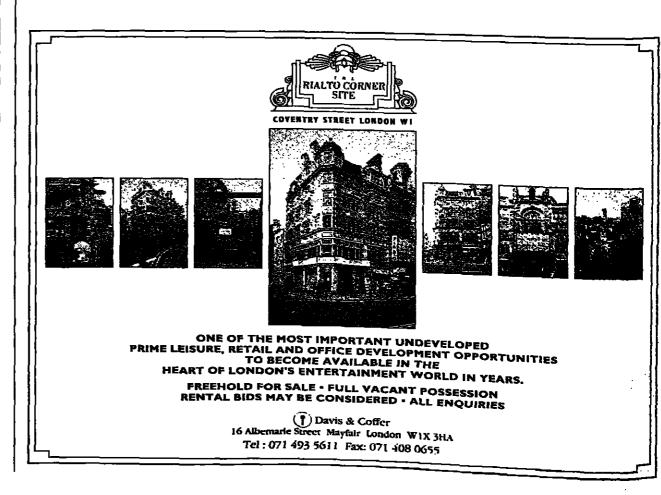
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State Comments

DAMES IN

EUROPEAN NEWS DIGEST Swedish interest rate reduction

Sweden's central bank, the Riksbank, yesterday cut interest rates to their lowest level for 20 years to consolidate the country's recovery from its deepest recession since the 1930s. The bank's marginal rate, which steers short-term interest rates, will fall to 7.0 per cent from 7.25 per cent from May 9. The bank said falling European interest rates and the krona's stable performance during recent financial market turbulence had provided scope for the cut. The krona has fallen by 20 per cent since late 1992 but this year it has strengthened amid

clear signs of an export-led recovery. Mr Thomas Franzen, Riksbank deputy governor, said that with Swedish inflation subdued, "there is scope for lasting lower interest rates in Sweden". He also noted that there was a general acceptance that Sweden would have to pursue tighter fiscal policies to promote growth and employment.

The Riksbank has attracted criticism for not cutting rates more aggressively over the last 18 months, despite the country's deep economic problems. Real interest rates remain high, with inflation running at less than 2 per cent. The government expects Sweden's GDP to grow 2.4 per cent this year, the first increase since 1990. Christopher Brown-Humes, Stockholm.

Italian insurance sell-off pledge Privatisation of Istituto Nazionale delle Assicurazioni (Ina). Italy's state-owned insurance company, is still on schedule in spite of the fact that Rome prosecutors are investigating the group's chairman, Ina advisers said yesterday.

Magistrates revealed on Wednesday night that they had warned Mr Lorenzo Pallesi that they were conducting inquiries into alleged falsifying of accounts and fraud, following up their earlier inquiries into the operations of the Rome branch of the company's Assitalia subsidiary between 1990 and 1992. Ina has played down the significance of the inquiry. The company pointed out that Mr Pallesi had only been targeted by the magistrates because he was formally responsible for the group at the time, though not directly involved in management of the Rome branch.

Four other Ina-Assitalia executives were warned about the inquiry in March. Even before Wednesday's events, delays in the formation of a new Italian government had begun to cast doubt on the timetable for the Ina privatisation. The sell-off is scheduled for the end of June, but most of the important political decisions about privatising Ina have still have to be

Alcatel subsidiary in new probe Mr Pierre Guichet, chairman of Alcatel CIT, the French telecoms equipment manufacturer, has been placed under judicial investigation in a case concerning alleged overcharging of France Telecom, one of the group's principal customers, the company said yesterday. Alcatel CIT, a subsidiary of Alcatel-Alsthom, one of France's largest industrial groups, said in a statement it had not overcharged or forged billing for France Telecom and expressed surprise at the investigation.

The crigins of the affair date back to last year, when two employees of Alcatel CIT were accused by the company of manipulating prices for equipment ordered by France Telecom. Alcatel CIT agreed in November to pay France Telecom a sum of about FFr60m (\$10.3m) to compensate for the losses arising from the manipulation of prices and the damage to relations between the two companies. Alcatel CIT said it had written a letter to the investigating magistrate criticising the procedure being followed in the case. Mr Guichet was placed under judicial investigation for the overcharging case immedi ately after having being questioned about allegations that be had work done at his home by companies working for Alcatel CIT. Alcatel CIT said that Mr Guichet had himself paid for the work at his home and that no charges had been brought concerning this subject. John Ridding, Paris.

Bourse watchdog fines Tapie

Mr Bernard Tapie, the controversial French politician and businessman, has been fined FFr1m (£110,000) by the Paris stock market authorities for disclosing maccurate information about Testut, a company he chaired from 1987 to 1992. Mr Tapie was criticised for releasing information in 1990 which "did not seem to be either accurate, precise or sincere". The fine is the latest in a long line of brushes between Mr Tapie and the French financial establishment. It comes at a time when Mr Tapie, who was briefly minister of urban affairs in the last socialist cabinet, is leading the European election campaign for MRG, a group of left-wing parties dubbed Les Tapistes by the French press. So far Mr Tapie's political fortunes seem to have been helped rather than hindered by his scuffles with the authorities. MRG has recently risen rapidly in the opinion polls to reach around 10 per cent. Alice Raw-

Bosnian Serbs reject land deal Bosnian Serb leaders again quashed hopes for a settlement by yesterday rejecting a previously agreed arrangement which

Referring to EU plan for Serbs to keep 49 per cent of Bosnia and Moslems and Croats to control 51 per cent, Mr Momcilo Krajisnik, speaker of the Bosnian Serb assembly, said: "Moslems and Croats do not have the moral right to such a percentage of territory since they never have controlled such an area." Earlier, Mr Douglas Hogg, British foreign office minister, in Belgrade to meet President Slobodan Milosevic of Serbia, stressed the importance of the "land for peace" deal. Mr Hogg said: "The allocation of 49 and 51 per cent is very firm. We do not want to see firm points shifted." In Sarajevo. another earlier arrangement was buckled. Mr Yasushi Akashi, UN envoy, agreed to allow seven Serb tanks to pass through the 20km exclusion zone around the city despite Bosnian government protests. Laura Silber, Belgrade.

ECONOMIC WATCH

France trims key interest rate

9.0 8.0 7.0

The Bank of France yesterday took a further step in its policy of edging interest rates lower, trimming the intervention rate, the floor for money market rates, by 10 basis points to 5.6 per cent. The move was the third in three weeks and is consistent with the central bank's policy of gradually lowering borrowing costs to support emerging economic recovery. Inflation, currently at an annualised rate of about 1.5 per cent, poses little constraint. The Bank of France has been tracking the downward trend

in German interest rates and is targeting the Bundesbank's repo rate. Yesterday's cut brought the margin above the repo rate to just under 0.2 percentage points. The Paris stock market welcomed the move. The CAC-40 index of leading shares doubled its morning gains following the news, closing up 0.98 per cent at 2.162. The French franc took the rate cut in its stride, trading at about FFr3.428 to the D-Mark. John

■ The Polish finance minister, Mr Grzgorz Kolodko, szid yesterday the country was on course for minimum growth in the economy of 4 per cent this year, and forecast that 4.5 per cent

to 4.7 per cent could be achieved. Car deliveries in Italy fell by 2.8 per cent in April year-onyear against a 1.5 per cent rise in March, the carmakers' association, Anfia, said. Anfia said 169,945 cars were sold in Italy last month, against 174,758 in the same period last year.

Spain's official currency reserves fell \$126.1m to \$44.73bn in April from March, according to provisional figures released by the Bank of Spain.

Massive electoral fraud alleged in Russia

By John Lloyd in Moscow

The December 12 referendum which approved the Russian constitution was invalid because the required 50 per cent of voters did not take part, according to a report by a team of experts working for the presidential administration. The report, whose main author yesterday insisted on its accuracy, alleges massive corruption at every level of

The potential importance of the findings - if shown to be correct and if acted upon - is great. The report's author. Mr Alexander Sobyanin, claims

106.2m took part in the referendum on the constitution - a percentage of only 46.1, well short of the 50 per cent minimum and even further down on the 54.8 per cent claimed by the Central Election Commission very soon after the voting ended.

The findings could tear the

heart out of the efforts by President Boris Yeltsin to place the constitution as the oundation stone of Russian democracy. He has persuaded most of the Russian party leaders to sign a "treaty on civil accord" which pledges that no efforts will be made to

amend the constitution for two years. The treaty was signed yesterday by 141 representatives of Russian enterprise unions and associations. The report, excerpts of which have been printed in the daily newspaper, Izvestiya, also said that extensive stuffing of ballot boxes and rewriting of results at the regional voting headquarters resulted in huge dis-

tortions. It alleged that the Liberal Democratic party (LDP), the ultra-nationalist group led by Mr Vladimir Zhirinovsky, whose victory in that part of the parliament chosen from party lists was the main shock

of the elections, received 6m unwarranted votes - with the Russian Communist party gaining 1.8m, the pro-com nist Agrarians receiving 1.7m and the Women of Russia – also pro-Communist – 1m. The main loser among the

Choice of Russia, which suffered a shortfall of 2m votes. However, the present signs are that the report will not be allowed to receive much attention. Both Mr Sergei Filatov, the president's chief-of-staff and Mr Nikolai Ryabov, the head of the electoral commis-

parties, said the report, was

sion, rejected the report's find-

ings. Mr Filatov is reported by Russian journalists to have deprived Mr Sobyanin's group of its working dacha on the outskirts of Moscow, and to have had it sealed.

Mr Ryabov told lzvestiya: "I cannot say that nothing of this sort took place . . . (but) to talk of massive falsifications and breaches of the rules in this way bas no grounds in reality."

However, Mr Sobvanin, in an interview from his Kremlin office, stood by the report: "I am certain the facts are right because many of the breaches were so obvious. It was quite obvious that in some regions

the results were way out of line." Mr Sobyanin said that he had not discussed the report with Mr Filatov, but had with other officials and "there is some concern". Following publication of parts of his report, Mr Sobyanin said his contract with the government had not been renewed.

A separate report on expenditure of the parties during the election alleges that Choice of Russia spent almost 30 times more on the campaign per deputy elected than uty against Rbs1.7m. The former won 40 seats, the latter

Austrian trade union bank faces inquiry

By Patrick Blum in Vienna

The Austrian state prosecutor has launched an investigation into the country's large trade union bank Bawag - the country's fourth largest bank - and its chairman, Mr Walter Floettl, following anonymous allegations made by two of the bank's senior officials

The officials have alleged that Mr Floettl concealed from the bank's supervisory board high-risk trading activities undertaken by his son with money from the bank and that

he evaded taxes. The prosecutor's inquiries follow another investigation launched just over a week ago by the finance ministry after it was alleged that Mr Floettl had authorised loans worth almost Sch21bn (£1.16bn) to Caribbean-based offshore companies run by his son Wolfgang. The latter Floettl is said by the finance ministry to have used the money for high-risk speculative financial operations on the international debt market. The loans were not clearly disclosed in the bank's annual

report, say the authorities. Last Friday, Mr Anton Stanzel who is responsible for bank supervision at the finance ministry, said that nothing had been found during the ministry's own investigation to suggest criminal activity by the Floettis and Bawag (Bank für Arbeit und Wirtschaft). Nevertheless, the ministry decided that further investiga-

tions were needed to assess the risk and propriety of the transactions.

"There is no evidence of criminal activity, but investigations continue to check that (all transactions) were done according to the banking act ' Mr Stanzel said this week. There were very high risks involved," he said. The ministry's investigations are expected to be completed by the end

of the month. The financial authorities are particularly concerned that the bank's standing should not be damaged by the affair. The 70year-old Mr Floettl has strongly rejected any suggestions of impropriety on his or his son's part, though he

admitted the transactions that had taken place for nearly six years were unconventional.

The bank, however, had not lost any money as a result, and he promised all such positions would be closed by the end of this mouth, and the business

Mr Stanzel, said on Wednesday that about half of the money had been returned, and he hoped the remaining positions could be closed without

'We'll sleep better if this (the

rest of the money) comes back," Mr Stanzel said. Ironically, until now the bank, with its traditional strong ties to the unions and the social democrats, was regarded as one of the most successful and conservatively run banks in

Austria. The social democrats, who pride themselves on their ability to be better managers than their conservative rivals, now face damaging publicity which comes only a few months before general elections due in



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Africans, espe-cially in the ince of Natal/ KwaZulu, can be forgiven for wondering AFRICAN what elections are all about.

Last week they queued for hours to cast their rotes in the country's first democratic elections. This week, their political leaders have been trading votes like football cards, openly fixing the result of the poll to try to keep the peace.

Patti Waldmeir on vote swapping in northern Natal

In Empangeni, centre of the much-disputed voting area of northern Natal, Mr Senzo Mchunu, African National Congress regional secretary, makes no effort to hide what is going on. "To us, the priority is peace," says the man who beads the ANC in this stronghold of the rival Inkatha Free-

dom party.
"Obviously, the elections

President Bill Clinton officially announced a \$800m aid plan for South Africa yesterday, and said Vice President Al Gore and Hillary Rodham Clinton would attend the inauguration on Tuesday of Mr Nelson Mandela as its first black president, Reuter reports from Washington.

"Today I am announcing a substantial increase in our efforts to promote trade, aid and investment in South Africa. Over the next three years, we will provide and leverage about \$600m," Mr Clinton said. At a White House ceremon attended by many prominent anti-spartheid activists, including black civil rights leader Jesse Jackson, Mr Clinton said he had spoken by telephone with Mr Mandela and outgoing President F. W. de Klerk just before the ceremony to to congratulate them on South Africa's first all-race elections

were not free and fair. There has been rigging, extensive rigging," he says. [The IFP won 73 per cent of the provincial vote in this area, against 16 per cent for the ANC.] "But we think it's a very narrow line of thinking to say, just reject the results. That would not resolve anything. Based on the reality in Natal, the ANC should have emerged as the winning party, and whatever deal is made should reflect that. But you must remember these people [IFP] have been told they are winning so any deal you make must make it less shocking to

Mr Mchunu hints he would approve a deal which shared voting totals equally between the two parties, whatever the

Empangeni count to give the politicians time to do their Mr Mchunu has his own

complaints about the IEC: "Chaotic right from head office to the last man; unable to find information which they want; unable to ensure that elections are free and fair."

Mr Mchunu acknowledges there is no way of knowing how many irregularities can be explained by human error, saying that mistakes are inevitable in an area where even the presiding officers have never Only in the case of the small

number of boxes filled with pre-stacked papers could one confidently assert fraud. Given some 119,000 people voted out of a voting population of 150,000 in the Empangeni area, there is no evidence of massive voter inflation. That does not mean fraud did not take place IFP's candidate, Dr Frank on a large scale - it simply means with no voter rolls and no record of votes cast, it will be impossible to draw the line between fraud and error. That the real problem: South Africa's electoral process has failed to confer legitimacy on the result. Only politicians can



A man preparing materials vesterday to build a shack in a squatter camp near the South African port of Durban. Housing is

NEWS IN BRIEF

Clinton protests at Singapore caning

Singapore yesterday carried out a caning sentence on Michael Fay, 18, a US citizen convicted by a local court of vandalism offences, including spray-painting cars. President Bill Clinton said bluntly that Singapore had committed "a mistake", write Kieran Cooke in Kuala Lumpur and Jurek Martin in Washington. The error was "not only because of the nature of the punishment related to the crime but because of the questions raised about whether the young man was in fact guilty and involuntarily confessed".

Mr Clinton promised a more definitive reaction later. Meanwhile, the Singapore ambassador was summoned to the state department to receive US protests.

Fay received four strokes of the rotan, a 4-ft cane. He had originally been sentenced to four months' jail, and fined \$\$3,500 (£1,489), with six strokes of the cane.

The Fay case has caused considerable controversy in the US. Singapore has accused the US media of orchestrating a campaign against it and has insisted no one has the right to interfere in the workings of its judicial system. Official figures show Singapore (population under 3m) canes about 1,000 people each year.

India share sale raises Rs23bn

India has raised Rs23hn (£483m) from its latest round of sales of shares in state-owned enterprises, securing much-needed funds for the government and extending its economic liberalisation programme, Stefan Wagstyl reports from New Delhi.

Foreign institutional investors, permitted to bid for the first time, snapped up part of the offering, the fifth since launch economic reforms in mid-1991. Stock in seven companies was on offer, including Mahangar Telephone Nigam, the domestic telecommunications carrier serving Delhi and Bombay, which

accounted for nearly 60 per cent of the total sale.

The total raised falls short of the original target of Rs35bn for disinvestment in 1993-94. Since 1991, the government has raised Rs73bn and hopes for another Rs40bn in this financial year.

The government, which has sold shares in 31 out of 230 centrally owned enterprises, intends to retain control of most by maintaining a minimum holding of 51 per cent. Foreign institutions which successfully bid for stakes include funds managed by Morgan Stanley of the US, the investment management arms of Britain's BZW and of Hong Kong-based Jardine Fleming.

Refugees swamp Rwanda camps

Nearly half a million people have fled Rwanda to escape tribal massacres in the central African country, Médécins sans Frontières, the medical charity, said yesterday, Leslie Crawford writes from Nairobi. The upheaval has created the largest makeshift refugee camp in the world at Benako, in northern Tanza-nia. MSF says between 150,000 and 200,000 destitute and exhausted refugees have gathered at Benako. A nearby river marking the border between Rwanda and Tanzania has been



Rwandan refugees rush to collect water at a lake near a Red

polluted with corpses. Aid workers fear the outbreak of disea Rebels of Rwanda's Tutsi minority have been fighting the dominant Hutu ethnic group for control of the country. But Tanzania said Rwanda's interim government yesterday signed a pact to stop the fighting and massacres. It said rebel forces had also agreed to implement it from tomorrow.

Nigeria fuel distribution recovers Nigeria's domestic fuel distribution is slowly recovering from the near-paralysis of last week, as the government's ultimatum for its state-owned Nigerian National Petroleum Corporation (NNPC) to ease the shortages has expired without further comment from the military regime, Paul Adams writes from Lagos. NNPC's two oil refineries in Port Harcourt are back in opera-

tion and large imported fuel shipments have arrived, but NNPC and the private-sector fuel marketers warn the relief is tempo rary and fundamental problems remain within the industry. The low price of N3.25 (6 US cents) a litre of petrol imposed by the government is half the cost of importing the fuel or produc-ing it in Nigeria, depriving the domestic off industry of working capital and giving black market operators, who smuggle it abroad or hoard it in Nigeria for sale during shortages, 500 per

Hata tries to defuse row over Nanking gaffe

By William Dawkins in Tokyo

official electoral tally shows.

Each would gain some 40 to 45

per cent of the vote with the

outgoing National party hold-ing the provincial balance of

Under South Africa's consti-

tution, they would be forced to

share power in the provincial

executive in any case, with

seats allocated proportionately.

"But there can only be one pre-

mier," and it cannot be the

Mr Mchunu believes the

ANC has found a way to bridge

these two positions and is pre-

paring to announce what it is.

The Independent Electoral

ducting the poll and certifying its outcome, appears to be

Commission, charged with con-

Mdlalose, he maintains.

China and South Korea yesterday reacted angrily to claims by Mr Shigeto Nagano, the new justice minister, that one of Japan's worst wartime atrocities was a "hoax." In an effort to defuse the

row, Japan's prime minister Tsutomu Hata, condemned Mr Nagano's claim that the 1937 massacre of Nanking was a fiction as "not appropriate." Mr Nagano is expected to issue a public apology today, according to reports in the Jap-

Mr Hata said Japan's wartime actions "including aggression and colonial rule, caused unbearable suffering and sorrow for many people; thus it is essential...to face the history squarely and share the deter-

mination not to repeat them." China, Japan's second largest trade partner after the US. was "shocked and indignant." said a Chinese foreign ministry spokesman. He urged the Tokyo government earnestly and seriously to treat the issue with a view to safeguarding bilateral relations," an implied demand for Mr Nagano's dis-

Japan last year stepped up a gradual campaign to improve relations with Asian neighbours when former prime minister Morihiro Hosokawa issued a series of apologies, admitting that the war was aggressive and wrong.

Officially, the new govern-ment wishes to continue that process, though a right-wing minority supports Mr Nagano's stance, as reported in

Mr Nagano's gaffe has far more impact today than it might have had a few years ago and damages Japan's current attempts at a reconciliation with former colonies at a time when Tokyo is seeking to increase trade and investment with them.

It also provides ammunition for the minority government's numerous opponents, only a week after the Hata adminis tration took office. According to a post-war tri-

bunal, Japanese troops killed 155,000 people in the six weeks after taking Nanking, though Chinese accounts put the figure at 300,000.

Mr Hata, on a European tour until the weekend, said he would ask Mr Nagano what he

Sri Lanka shares fall on fears for government

By Stefan Wagstyl in New

Sri Lankan shares have fallen sharply this week amid concerns about the stability of president D.B Wijetunga's gov-

The sell-off was prompted by Mr Wijetunga's decision late last week to cancel a visit to China to deal with the turmoil in the ruling United National Party, and by a big May Day rally organised by a united front of opposition parties and attended by over 100,000 peo-

Evidence of the dwindling popularity of the UNP and strong support for the left-inclined opposition parties, headed by the Sri Lanka Freedom Party, unnerved investors. Even though share prices rallied on Wednesday and yesterday, after a 4.5 per cent fall in the all-share index on Tuesday. the mood remains nervous. Businessmen and brokers fear that political turmoil could continue for months, with presidential elections due later this year and a general election in early 1995.

Mr Alavi Mahroof, a Colombo stock exchange broker, said: "Local investors are worried about current political

JFC Index, 30/9/93 = 100 Oct 1993 94

Share prices rose sharply last year, fuelled by strong economic growth and a surge of foreign investment caused by the worldwide fashion for investing in emerging markets. The market gained more than 70 per cent in dollar terms in 1993, according to data by the IFC, a member of the World Bank, but so far this year it is down 3 per cent. Equities have since fallen

back, heavily influenced by the increase in US interest rates and domestic political upheavals. Mr Stanley Jayawardena, chairman of the Securities and Exchange Commission, the market watchdog, said: "A corBut this is also a reaction to political events"

The political storm began in March when the IINP suffered its first electoral defeat in 17 years in provincial polls in the island's southern province. Mr Wijetunga, who succeeded the assassinated president Ranasinghe Premadasa last May, reacted with a string of noonlist financial hand-outs, including tax cuts and food-stamps for schoolchildren.

But he could not take the wind out of the sails of the opposition parties, which sense a potential victory in the presiential and national polls. Meanwhile, a temporary change of leadership has breathed new life into the Sri Lanka Freedom Party. Mrs Sir-

ima Bandaranaike, the former president who heads the party. has been forced to go to hos-pital, leaving the field open for her firebrand daughter, Mrs Chandrika Kumaratunge, the main speaker at the May Day Colombo has also suffered an

unwelcome reminder of the continuing war with the Tamil Tiger separatist guerrillas in the north. Terrorists planted bombs in

luxury hotels in the capital last month, causing little damage but potentially harming the

Multi-tier rate puts Iran in reverse

The decision by Iran's government late on Wednesday to re-introduce a multi-tier exchange rate is a backward step for President Ali Akbar Hashemi Rafasanjani.

Mr Mohammad Adeli, governor of Bank Markazi (the central bank) has said state banks will sell dollars at 50 rials below the open market rate for certain imports from tomorrow. He has not specified to which imports the new rate would apply.

The official floating exchange rate set by Bank Markazi is about 1,750 rials to the dollar but the rial has weakened on the open market since the beginning of the year to 2,800 yesterday because of low oil prices and high demand for foreign exchange. Reintroduction of a new rate undermines the difficult decision the government made last

year when it unified three different rates in favour of a single floating rate in line with International Monetary Fund recommendations. At a stroke, the rial was effectively devalued from 70 rials to the dollar to 1.540. At the time. Mr Adeli hoped that the currency would strengthen to IR1,000=\$1.

The rial has steadily declined and Bank Markazi has been following behind, repegging its floating rate to reflect the open market value. The devaluation has fuelled price rises and inflation is thought to run much higher

than the official 22 per cent. The price of utilities and transport all rose steeply earlier this year but the Majlis (parliament) has vetoed moves by President Rafsanjani to reduce the expensive burden on the state of fuel subsidies because of fears of a public

Last month, transport workers in the southern city of Shiraz went on strike dem ing pay increases. Falls in the price of oil towards the end of last year have meant Iran d only \$13.5bn (£9bn) in the Iranian year recently ended (March 21) instead of a budgeted \$17bn.

This has increased its debt burden, although \$5.5bn of its estimated \$14bn short-term debt has been refinanced since February with its main trading partners, including Ger-

Palestinians wait for taste of freedom

By Julian Ozanne in the Gaza Strip

The self-rule agreement has been signed and sealed, but for the 800,000 Palestinians in Gaza it will be several weeks before they get the first real taste of freedom after more than 25 years of Israeli occupa-As the second day of self-rule

passed, Palestinians and Israelis woke up to the fact that the Palestine Liberation Organisation is hopelessly illprepared to take over the complex administrative and security functions of running the townships of the Strip. Self-rule is more likely to trickle than flood into Gaza According to Mr Yitzhak Rabin, Israeli prime minister.

PLO chairman Yassir Arafat has asked that Israel "drag out" its withdrawal from Gaza and the West Bank enclave of Jericho for at least three or four weeks while he prepares details of the take-over. The PLO denied Mr Rabin's statement and said it was ready to

take over at once.

But it is clear the PLO is far away from being ready. Yesterday's expected deployment of 1,000 Palestinian police in Gaza-Jericho has been post-poned by the PLO until next

The lack of planning on a more serious policy level was confirmed yesterday by Mr Hassan Abu Libdeh, PLO official in charge of the "Technical Committees" supposed to have in place a full scheme for Palestinian control over all ser-

"We are not ready to receive authority," he said yesterday. "For example, environmental questions are really new to us. It may take 3-6 months before we are really ready." Another official said the PLO was only really ready to assume control

Mr Arafat has yet to name

aril gril ity which will govern Gaza-ler icho as a de facto cabinet, let alone the key officials who will move in and take over the 34 departments and 24,000 employees of the Israeli mili-

tary-run civil administration Many Palestinians said the problem lay with Mr Arafet's authoritarian style of leader-ship, his inability to delegate and the tension between the leadership in exile and Palestinian leaders who have emerged during the seven-year uprising against Israell rule Institutions created at PLO headquarters in Tunis and in the territories did not co-ordinate their activities.

Delay in implementing the agreement will further grode Mr Arafat's fragile support base. In Gaza, many Palestinians seemed disappointed and frustrated at the few signs of immediate change in their

"Are they here to take over or just to talk to the Israelis?" shouted one man.

We expected much bigger things to happen, said another. Nobody knows if things are really going to change or if the Israelis are really going to leave."

Israel continued yesterday to wind down its occupation in Gaza, completely emptying the city's central prison and dismantling radio antennae. Some prisoners were freed after they signed a document saying they supported the peace process. while others were transferred to another prison in the Negev

But despite the snail's pace of implementing self-rule, many people in Gaza still had hopes for the future. Low-key celebrations have been going on since Wednesday's signing of the self-rule agreement, for the deportees and Palestinian prisoners allowed home.

New graffiti painted overnight said: "Our return to Palestine was a dream and now it

Jordan piqued at being left out of Gaza deal

By James Whittington in

Jordanians had to sit through five news items on Wednesday evening before state-run television presented a report on the historic signing ceremony in Cairo which makes way for Palestinians in the West Bank and Gaza Strip to have their first taste of self-rule.

The occasion was brushed aside by an official spokesman as an "independent Palestinian affair" and criticised by others in government for the lack of co-ordination with Amman. The Lower House of Parliament cut short a debate on a draft sales tax law to issue a statement which condemned "the sale of Palestine".

Again, Jordan is in a fit of pique for being overlooked by the Palestine Liberation Organisation in its plans to govern the occupied territories. Despite numerous pledges between Jordan and the PLO to co-ordinate over implementing the self-rule agreement, Jordan's fears of marginalisation are growing stronger. There is a general feeling of

conspiracy in Amman that the long and bitter rivalry between PLO chairman Yassir Arafat and King Hussein is causing Mr Arafat to sideline Jordan. The kingdom's frustration at being left out is based mainly

demography. Jordan ruled the West Bank from 1948 to 1967, when that region was occupied by the Israelis following the six-day war; only in 1988 did King Husseln decide to sever legal and administrative links with what was half of his kingdom west of the Jordan River. Out of Jordan's population of about 4m, over 60 per cent are

on historical precedent and

of Palestinian origin and many have strong family ties in the West Bank. As a result, Jordan feels it has a natural role to play in any resolution of the Palestinian problem. So far, this looks increasingly unlikely. Not only have

the promises of co-ordination with the PLO failed to bear fruit, but agreements signed by the PLO and Jordan have been overtaken by PLO talks with Israel. Last week's PLO/Israeli economic agreement, for instance, negated in many ways the economic accord signed with Jordan in January. A free trade policy between Jordan and the self-rule areas was replaced by quotas and taxes now to be levied on Jordanian goods. Newly-opened banks which were to be run by the Central Bank of Jordan are now to be under a Palestinian monetary authority. The Jordanian dinar seems to have been replaced by the Israeli shekel as the main legal tender.

Kenya eager to trumpet its economic reforms

Nairobi wants to start a much-needed dialogue with private enterprise, writes Leslie Crawford

fter a year of dismantling state controls and untangling red tape, the government of Kenya is hosting an investment confer-ence in Nairobl today to trumpet its economic reforms.

Mr Musalia Mudavadi, finance minister, does not anticipate a stampede of for-eign investors, but the conference might accomplish something more useful: the start of a much-needed dialogue

ernment mandarins We want to project Kenya's new image, but we also want to listen to the needs of inves-tors and their suggestions for further reforms," Mr Mudavadi

says.
The liberalisation measures

of the past year have radically changed the operating environ-ment for private enterprise.

Business confidence is returning. Multinationals have significant investment plans

Import licences have been scrapped. Almost all government controls on foreign exchange transactions are gone. Exporters can keep their dollars and multinationals can repatriate profits without

restrictions. All price controls, except those on petroleum products, have been disman-As a result, business confi-

dence in Kenya is returning. A majority of multinationals polled by the East Africa Association say they have signifi-cant investment plans. Exporters and bankers are thriving in the newly deregulated environment, while local manufacturers have also taken advantage of the devaluation of the shilling to export to neighbouring countries. Kenya's exports rose by 15 per cent last year to

\$1.1bn (£733m). After two years in the doldrums, the Kenyan economy may show some stirrings of growth in 1994. With Tanzania.

Uganda and Kenya adopting converging economic policies, central bankers are now discussing the convertibility of their currencies to boost regional trade.

Mr Mudavadi is guaranteed an enthusiastic reception at the investors' conference, if only because local businessmen know he needs all the support he can get.

Inside government, the 33-year-old finance minister is fighting a formidable coalition of anti-reformers who resent the loss of patronage and opportunities for corruption market-based reforms will

"My fear is that the anti-reformers have so much to lose that they may go to any

lengths to sabotage Mudavadi and his plans," says a foreign executive in Nairobi. Having survived 18 difficult months in office, the young minister faces challenges far greater than eco-nomic deregulation. He must impose financial

discipline on free-spending government ministries and a bankrupt parastatal sector which are fuelling inflation and creating a mountain of public debt. Kenya's annual inflation rate has risen above 50 per cent, while debt-servicing consumes 42 per cent of government expenditures. This leaves little room for paying salaries, let alone investing in Kenya's dilapidated infrastructure and

social services. Politically unpalatable

choices lie ahead, including the firing of thousands of civil servants in cities where one in three adults does not have a job. Mr Mudavadi plans to raise government revenues by improving the collection of import duties in the customs department. He is also trying to impose "performance targets" on state corporations. But across the state sector, managerial skills are in short

Businessmen are advising Mr Mudavadi to tread cautiously: the scales are still too finely balanced between area ress and a political backlash against reform. Mr Mudavadi, conscious of the fragility of his achievements, is not crying

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Crawlord

Dispute over ABB bid for China looks beyond MFN horizon Beijing sets sights on Gatt accession, write Tony Walker and Andrew Gower China, signalling confidence that the US will Mr Peter Sutherland, director-general of the two issues could ston separated. That is trade, a signalling confidence that the US will Mr Peter Sutherland, director-general of the two issues could ston separated. That is trade, a signalling confidence that the US will meet President Jlang Zemin, Prime Minister the two issues could ston separated. That is trade, a signalling confidence that the US will be said. energy grant

By Nancy Dunne in Washington and Guy de Jonguières in London

A bid by Asea Brown Boveri, Europe's biggest electrical engineering company, to par-ticipate in a US energy department programme to develop the next generation of turbines is running into opposition from General Electric, its largest US

The dispute has set off a wider controversy in Washing-ton about a concept called "conditional national treatment", under which subsidiaries of foreign companies are treated differently from US companies depending on conditions in their home countries. The issue has been discussed in US government inter-agency grouns and may soon get an airing by the Clinton cabinet.

GE and Westinghouse. another, US power engineering company, have already won approval to take part in the programme, under which the energy department provides matching grants - in this case around \$4.5m (£2.7-£3.4m) - to participating companies.

Although the initial funding of such projects may be small. companies like ABB believe it is important that they are not excluded from key research because they are foreign companies, said Mrs Nancy McLernon, a spokesman for the Organisation of International

Under the Energy Policy Act of 1992, there are two criteria in awarding grants: an economic benefits test, to determine that the award will benefit the US, and a reciprocity

The latter requires that a company's home government allow participation in similar programmes and protects intel-

lectual property rights.

General Electric has circulated a paper implying that the Swedish-Swiss ABB should not be allowed to participate because its home governments do not protect intellectual property rights.

The paper also suggests that if ABB were involved in the programme, it would use the fruits of the research not to create employment in the US but to strengthen its technological capacity in Europe.

ABB already has a substantial presence in the US, where it has expanded through acquisitions of companies including Combustion Engineering, a leading maker of boilers for power generation. In the Americas as a whole, ABB had sales of \$5.6bm last year and employs about 35,000 people many of them in the US.

It is understood that the US Energy Secretary failed to determine that GE and Westinghouse were eligible for the scheme on the basis of the economic benefits test. That process is now underway retro

US pressed to open up to EU

THE US must go further in opening home markets to European goods and invest-ment if it is to live up to its self-claimed title of "still the most open trading nation in the world," the European Commission said yesterday.

In an annual report on US trade barriers to European business, the Commission highlighted "unreasonable" application of anti-dumping and other duty measures against exports from the European Union, and increasing application of domestic trade legislation to companies operating outside the US, as particular obstacles to European

industry and investors. "All these measures are anathema to an open world trading system which should be based on one set of negotiated multilateral rules and procedures fairly applied to all contracting parties in the

Gatt," the Commission said. The magnitude of the barriers that remain, important though some of them are, should nevertheless be seen in the context of a broadly balanced and improving bilateral EU-US trade relationship," said Mr Ove Jor-

The main barriers highlighted in the report include: Increased use of unilateral or bilateral trade measures, in particular renewal of Super 301 legislation, providing wide discretion to retaliate against trading practices deemed

unfair to US commerce. Extraterritorial application of national trade provisions which clash with trading partners' sovereignty and lead to insoluble legal conflicts. The report cites the Cuban Democ racy Act as an example.

 Use of national security considerations to justify curbs on trade and investment such as a 20 per cent limit on foreign investment in radio communications.

 Discrimination against non-US controlled companies for certain public contracts tendered at Federal and state level, and "buy America" laws. clothing, footwear, tableware

 Tax legislation such as state unitary taxation and car taxes which are the subject of a Gatt panel request by the EU.

Multiplicity of standards at federal, state and municipal

level as well as protectionist

India warns over labour controls

By Stefan Wagsty In New Delhi

Mr Pranab Mukherjee, India's commerce minister, has warned the US and other industrialised countries against putting plans for con-trols on cheap labour on the agenda of international trade

Suggestions that developing countries should be penalised for providing workers with inferior social and other benefits than industrialised countries amounted to "introducing protectionism through the hack door", said Mr Mukherjee

Mr Mukherjee was referring to proposals advanced by the US to insert "social clauses" into the brief of the newlyformed World Trade Organisation, which will next year replace the General Agreement on Tariffs and Trade in accordance with the Uruguay Round pact signed on Marrakesh last month, American and European politicians are concerned that the high social welfare payments made in industrialised countries reduce their competitiveness vis-à-vis the Third World. Mr Mukherjee said: "It raises doubts about whether some of the industrialised countries are serious

about liberalising trade." The social clause proposals made it more difficult for the ruling Congress(1) party in

India and other developing country governments to enact egislation to bring the Marra kesh agreement into effect.

These problems are particu-larly acute in India, where there is a long tradition of economic self-sufficiency and of hostility to foreign business interests. Opposition parties including the right-wing Hindu nationalist Bharatiya Janata party and the parties of the left have seized the Gatt accord as a stick with which to beat the government. They have taken their case on to the

dreds of thousands of people. The opposition parties have tried to whip up support by lumping together criticism of the Gatt accord with attacks on the government's economic liberalisation. They have exploited fears of Indian farmers, some of whom have been led to believe the Gatt accord threatens agricultural subsidies. (In fact poor countries are

streets, calling rallies in Delhi

which were attended by hun-

ting clauses of the agreement.) Mr Mukherjee said the protests would not stop the gov ernment from getting legislation through parliament. The opposition was trying to build support before state elections later this year. He hoped the opposition parties would even tually accept the wisdom of the Gatt deal, despite their public

exempted from the subsidy-cut-

Beijing sets sights on Gatt accession, write Tony Walker and Andrew Gowers

Favoured Nation trading status, yesterday urged Washington to speed up negotiations on Beijing's bid to rejoin the General Agreement on Tariffs and

Mr Long Yongtu, Beijing's chief Gatt negotiator, said in an interview that the US should follow the European Union and adopt a "practical and realistic" approach to China's accession to the world trade body. China and the US are due to

resume bilateral talks on the Gatt issue in Washington early next month, just after the deadline for President Bill Clinton's decision on whether to renew China's preferential trade access to the US market. Beijing and Washington have been at loggerheads for months over the Clinton administration's demand that China improve its behaviour on human rights to secure MFN renewal. But this week. President Clinton softened the US line, saying that withdrawing MFN status would harm both China and the US.

Mr Long's call for a new push on China's Gatt accession shows Beijing is looking beyond the MFN decision to

will visit Beijing for six days next week to discuss negotiations on Chinese membership of the world trade body, writes Frances Williams in Geneva.

During his visit Mr Sutherland is due to

the far-reaching question of China's formal reintegration into the world economy. China is anxious to be a founder member of the new World Trade Organisation, to be formed out of Gatt, when the Uruguay Round agreement comes into force next year.

The Chinese official praised the EU for what he called its constructive approach to China's Gatt application, explicitly contrasting European and American attitudes. He said a draft protocol for Chinese membership presented when Sir Leon Brittan, the EU trade commissioner, visited Beijing in February contained "many positive elements". The protocol includes provision for a transitional phase

after China re-enters Gatt, safeguards against sudden surges of Chinese imports, and arrangements for a regular review of Chinese compliance with the trade body's rules. Mr Long, a vice-minister in the foreign trade ministry, said

and Washington's position remains equivocal. China was prepared to negotiate a transitional period – to the end of the century - during

national norms and make its currency, the renminbi, fully convertible. He added, however, that there should be no need for further special reviews of China's performance after the end of the transitional period. On safeguards, Beijing reserved the right to retaliate against attempts to "single out" China for trade penalties, by withdrawing some of its conces-

which it would remove most

non-tariff barriers, align its

technical standards with inter-

sions on market access. Further negotiations with the EU on these issues are due later this month before the next meeting of Gatt's China working party in Geneva towards the end of June. Mr Long stressed that China's attempt to rejoin Gatt was "part and parcel" of its economic reforms, but that there was a limit to concessions

widespread backing among Gatt members for China to be readmitted to the organisation which it left in 1950, but most western governments are insisting on special terms

> China was prepared to make. "Western negotiators should understand that China's transition from a planned economy is a great experiment," he said. "If you ask for things to be done immediately, we have to say No. We're not looking for Gatt entry at any price - at the cost of social stability, or of throwing a lot of workers out of jobs. "If the US can also find the practical, realistic approach adopted by the EU,

> we can make progress."
>
> During the eight years of negotiations on China's Gatt membership, the US has generally taken the lead. But recently, with US policymakers preoccupied by the MFN issue, the Europeans have assumed a higher profile. Last year, the US notched up a record \$22.8bn bilateral trade deficit with China, while the EU's deficit with China fell from \$12bn to \$10bn. Mr Long acknowledged that

the Gatt negotiations had been overshadowed by the MFN dis-

pute, but expressed hope that the two issues could soon be separated. "Trade is trade, and politics is politics," he said.

He said it was in the world's interests as well as Beijing's to ensure that China joined the World Trade Organisation at its inception. The WTO, he said, would be "incomplete" without a country containing one fifth of the world's population and its 11th largest trading nation.

We are trying to get into Gatt not because we see immediate economic benefits but because we want to make our economic system compatible with the world trade regime, so that foreign businesses have more confidence in our economy," he stressed. "If we really wanted to damage the world trading order, why would we bother trying to get into Gatt? It will put a straitjacket on us.

A European diplomat in Beifing agreed the EU had won points with Beijing by coming forward with its own Gatt proposals. There was no fundamental difference between Brussels and Washington on market access, transparency of import rules, and intellectual property rights. "We are competitors, but we all have the the Chinese market," he said.

Piaggio in Chinese scooter venture

By Andrew Hill in Milan

Piaggio, the Italian scooter manufacturer, aims to produce 500,000 motor scooters a year for the growing Chinese market by 1998, through a local joint venture set up near the port of Guangzhou.

The privately owned Italian that the Chinese authorities had approved the venture which will require a total investment of \$100m (£68.4m) up to 1997 by Piaggio and its partners, backed by interna-tional banks.

The new venture, Piaggio Lyman Foshan, is 75 per cent controlled by Hong Kong-registered Piaggio Lyman China, and 25 per cent by Fosti Motorcycle of China. The Hong Kong company is itself 51 per cent-owned by the Piaggio parent company and 49 per cent by Satya Djaya Group of

Piaggio should export 40,000 vehicles this year to China. The new joint venture in Foshan, in the province of Guangdong, will produce about 7,000 scooters this year, and 100,000



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This week's massive concerted intervention by central banks around the world to stop the fall of the US dollar has pushed the US Treasury a long way out on a somewhat fragile

in an effort to break the financial markets' perception that the US, to increase its leverage in trade negotiations with Japan, is actively pushing or passively permitting the dollar's slide against the yen, Mr Lloyd Bentsen, the Treasury secretary, said the Clinton administration saw "no advantage in an undervalued cur-

"Recent movements in exchange markets have gone beyond what is justified by economic fundamentals." US heavily exposed if Wednesday's central bank purchases of dollars turn out to be insufficient to turn the foreign exchange markets.

Currency intervention has worked on many occasions in the past, espe-cially when, as now, it is intended not so much to defend a particular currency level as to send a more general nessage to the markets about policy. It has falled just as often, however,

particularly when governments tried to fly in the teeth of economic reality. The key criterion is whether intervention is moving in the same direction as the underlying fundamentals would suggest, or is trying to buck them," said Mr Fred Bergsten, a senior Treasury official in the Carter administration, who now heads the Institute for International Economics, Washington think tank.

An examination of the US economy,

which continues to grow steadily and much faster than either Japan or con-tinental Europe, lends considerable weight to the administration's analysis of fundamentals.

In addition, the general direction of US interest rates is widely perceived to be upwards, as the Federal Reserve continues to tighten monetary policy to choke off any signs of inflation that may emerge with the recovery. Although Japanese interest rates are not thought to have any more room to move downwards, continental Europe is still expected to see further cuts in

The relative trends of interest rates should, therefore, make the dollar more attractive to investors. But currency markets' expectations are built not just on the relative strengths of different economies, but

changes in those relative

strengths. Forecasts of US growth are now lower than they were at the beginning of the year, while the Ger-man economy, though still much weaker than the US, is now thought to be a little stronger than it was. That, in turn, could mean that the Fed will not raise its interest rates as much, and the Bundesbank not lower

its rates as much, as markets previ-

ously expected. In either event, the Clinton administration is virtually powerless to do much about this. It does not want to stimulate an economy which it views as growing quite satisfactorily, without overheating; and it certainly does not want the Fed to raise rates further to defend the currency.

The question is whether the US is equally impotent to dispel the markets' expectations of a further dollar depreciation against the yen.

Senior Treasury officials believe their actions and statements should now have dispelled the markets' perception that the US was pursuing a policy of depreciating the dollar, whether actively or through benign

Mr Bergsten argues, however, that the benign neglect is not American

He says the only way to redress Japan's large and growing current account surplus not just with the US but with the rest of the world is through stimulating the domestic economy, lowering barriers to its markets or a further appreciation of the

The US has been urging the first two policies for some time, in vain. Its chances of success have not been improved by the recent change in the

Close vote on Treasury takes risks to back dollar US gun ban law expected

By Jurek Martin in Washington

US House Representatives was facing the tightest of votes yesterday on the bill banning sales of 19 different types of semi-automatic assault weapons and large nagazine guns.

The bill sponsored by Con-gressman Charles Schumer. the New York Democrat, has emerged as a serious test of the power of the gun lobby, which has experienced some unaccus-tomed setbacks around the country in recent months.

Earlier this week it appeared that the legislation would fall 15-20 votes short of securing a simply majority in the 435-member House. But a ferocious lobbying effort by the Clinton administration, bolstered by supportive letters from former presidents Ford, Reagan and Carter, had narrowed the gap by yesterday morning.

Some conspicuous converts to the gun control cause were achieved in the last 24 hours, including two congressmen from Texas, a state in which the National Rifle Association has long been a particularly powerful political force. Yesterday morning, President Bill Clinton personally welcomed in the Rose Garden Congress-man Steve Neal of North Carolina, who is retiring at the end this session, as the latest con-

However, the bill finds the Democratic party leadership divided. Congressman Jack

of the House judiciary co tee, opposes the han and the provision out of the bus crime bill passed l House last month (the version, passed last year outlaw the assault weapo Mr Tom Foley, speaker House, is also on recomposing it, mostly out of erence to his constituen the state of Washington,

hunting is popular. Bu Wednesday he hinted the would only vote "in case tie", leaving open the pro-that he might choose in oppose his president on The bill places many z bers in severe dilemma polls suggest overwheln

public support for such a also desired by police auti ties. Support is stronges America's suburbs, the n populous political const But the opponents of

control directed by the N are well financed and on Their argument is that

ban on assault weapons merely the beginning of slippery slope which ends w the banning of all privat owned firearms, thus, in th view, violating the consti tional right to bear arms.

Congressman Jim Chapan the Democrat from east Tex said: "If you polled my distr. it would be a toss-up. But the calls are against it."

NY art auctions end hopes derivative of upturn

This week's New York auctions of leading works of contemporary art have shattered some of the growing optimism that the international art and antiques market was making a strong recovery. At Sotheby's on Wednesday night the most important work on sale this week, "Righway" by Jasper Johns, expec-(£5.4m), was musold, while at Christie's on Tuesday almost half the lots on offer failed to find buyers. This was a disappointment after the success of

last winter's contemporary auctions in New York. Sotheby's had the better experience. Apart from the failure of the Johns the auction did quite well, totalling almost \$20.5m, and with over 70 per cent of works on offer

"Cubi V", a sculpture by David Smith, went to a private American collector for a record \$4m. It is one of a series of 28 such sculptures, most of which are already in ns. "Dark Green Painting" by Arshile Gorky, his last important work before his death in 1948, made \$3.5m. Both works were sold from the collection of Mr and Mrs H. Gates Lloyd: he was the former deputy director of the Central Intelligence Agency. In contrast Christie's sold its

main offering, a drip painting by Jackson Pollock, for \$1.76m. This was well below its \$2m-\$3m estimate. It seems the good results last time round encouraged some leading works into the saleroom, but with reserves higher than

Call for tighter regulation

By Richard Waters

The activities of all U companies which use derive tives should be subject to clos regulation by the Securitie and Exchange Commission according to the draft of : long-awaited report due to h published on May 18.

The proposal, from the US's General Accounting Office, many of the US's biggest companies, which use derivatives to manage exposure to interest

rate, currency or other risks. The GAO report is likely to add to pressure in Washington for early legislation on derivatives - financial instruments whose value is based on some underlying asset or market. The rapid growth in the use of such instruments has cause concern among regulators and policy makers

Industry trade groups, derivatives exchanges and other interested parties were this week given a brief opportunity to read the 200-page draft report. According to one person who read it, the tone of its conclusions was "unremittingly negative".

The report's main conclusions are believed to be that regulation should be extended both to companies that the derivatives, and to the imreen lated subsidiaries of securitie companies, among the biggest traders in such instrument The report is understood to

propose that companies which use the instruments report their derivatives exposures to the SEC, and that the SEC lay down requirements for boards of directors to control their activities in this area.

Panama party of dictators set for victory

Stephen Fidler looks at the main runners competing in Sunday's presidential election

uel Noriega, is heading into Sunday's presidential elections as favourite to provide the country's next head-of-state.

Front-runner is Mr Ernesto Pérez Balladares, 47, who has in the past four years master-minded the rebuilding of the Revolutionary Democratic party (PRD) which was shattered by the December 1989 US invasion which ousted Gen Noriega, now serving 40 years in a Miami jail for drugs offences. He was a financial advisor to Gen Torrijos and campaign manager for Gen Noriega's candidate for the 1989 elections, which the dicta-

tor later annulled. Although it invaded the country less than five years ago, Washington has made it plain it can live with whichever of the seven candidates wins the one-round election. But Mr Balladares, a former banker with Citibank and a Wharton School MBA, has only been partly successful in distancing himself from the par-

ty's militarist past. His task was made tougher by a videotape shown nationally last month by President Guillermo Endara which reminded people of the military-sponsored violence surrounding the last election.

If any of Mr Balladares's six opponents has gained from the tape it seems to have been a political outsider, Mr Rubén Blades, and none of the past or present members of Mr Endara's anti-militarist coalition. Mr Blades, now the closest

contender to the PRD, has spent most of the last two decades in the US, acting - he appeared in Robert Redford's

he party of Panama's Milagro Beanfield War – sing-two military dictators, ing and qualifying as a lawyer.

Omar Torrijos and Man-His absence appears to be, on His absence appears to be, on balance, an electoral asset because he - if not all of his party - has no association with

government corruption. The main question over his candidature is what he and his makeshift political movement Papa Egoró - it means Mother Barth in a local indian dialect stand for. Its broad themes are issues such as improving popular participation in government and improving peoples' self-esteem, but what this would translate into in policy terms is far from clear.

The fact that the two frontrunners are outside Mr Endara's civilista coalition is widely seen as testimony to the government's unimpressive perfor-

The government of Mr Endara, who cannot by law stand in the election, has been seen as indecisive. Although, it has overseen rapid growth that has brought the economy back to its level of 1987, before US sanctions on the Noriega government sent the economy into a tailspin, his government has not received much credit for it.

In part this is because growth has been concentrated in a few sectors - including the free zone at Colon which now does an annual \$11bn of business - and the trickle down to the poorest has been limited. Unemployment stays high at 14 per cent. A construction boom is under way in Panama City, for example, but it has been financed in part by drugs money and is largely of highpriced apartments.

While allegations of corruption and involvement in drugs trafficking have been less prev-



A Panama City barber awaiting customers this week reads a local newspaper whose headline proclaims "Blades is an American citizen". Blades is not, but has lived abroad, mostly in Los Angeles, for 20 years.

years, the probity of the government has also been called into question. The president's reputation was not helped when his young wife, Ana Mae Diaz de Endara, won the jack-pot in one Christmas lottery the biggest of the year.

Rising crime is also perceived as a problem. "Endara's government has failed to adhere to the old PRD maxim of keeping the country safe and stealing everything themselves," said one hanker. The main achievements, say

bankers, have been some movement towards settlement of the Norlega-era foreign debt defaults and strict control over the budget, though neither has much electoral appeal. Critics say the coalition united around only one issue -

ousting Noriega and the military. Once that was achieved and the military abolished, factionalism took over. The civilistas could not agree on a common presidential candidate. Their leading contender is probably Mr Rubén Carles, 73. the budget minister in the current government and a former Chase Manhattan banker, but too far behind in the opinion polls to be in contention. None of the candidates is promising much new on the

conomy, which has been one of the few in Latin America where there has been no significant move towards lower tariffs and market-oriented reforms. There is some talk of privatisation of the telephone and electricity systems, the ports and the hardly-function-

The centre-left PRD lays more emphasis on government spending and popular public works projects. But its ability to spend will be constrained by the government's inability both to print money (the economy is dollar-based) and to borrow it, because of a continuing default on its bank debt. Mr



alent than in the military he is widely considered to be Balladares: front-runner



Blades: outsider

it has not been an important

campaign issue.

core of what the real political

ing trans-isthmus railway, but Balladares's supporters say he

is more likely to confront the local business oligarchy, which

favours a continuation of pro-

The central issue facing the

new government will be how it handles the takeover of some

80,200 acres of land and facili-

ties - including 4,800 buildings,

schools, houses and airports -

which will be handed to the

Panamanian government as

in 1999. The 10,000 US troops

there now contribute an esti-

mated \$250m to the economy,

These properties - which are

full of infrastructure that the

rest of the country desperately

lacks - are valued anywhere

between \$8bn and \$30bn. Some

Panamanians worry the hand-

over will be managed badly

and the prizes will be allotted

to the cronies of the next gov-

Mr Ricaurte Vasquez

Morales, treasury and then planning minister between

1982-88. says: "This is at the

around 5 per cent of GDP.

struggle is about: who takes control of these properties. It's like winning a war."

Company law reform fails in Brazilian congress mentarians to vote because of vote maintained establishes

Brazil's congress has failed to approve a constitutional amendment designed to make Brazilian and foreign companies equal before the law. Under the widely criticised 1988 constitution, Brazilian companies enjoy some advantages over foreign-controlled

competitors, and these will now be maintained. The decision, which foreign and business interests said was disappointing, is the latest in a series of setbacks for Brazil's constitutional revision, under way since last October. The

revision process, seen by many analysts as crucial to restoring

make any meaningful changes. Congress voted on the latest proposal late on Wednesday but fell three votes short of the necessary 293 for the measure to be approved. As a result, it will lapse. The lack of support, blamed on congressional apathy and internal party politics, the government's ability to also threatens other proposals

govern, has so far failed to to modernise the economy, such as allowing entry to for-eign controlled mining compa-Proposals to open up Brazil's

ally been shelved.

petroleum and telecommunications monopolies have virtu-Party leaders, who have been unable and sometimes unwilling to mobilise their parlia-

for the law will lead to more

Zedillo promised to continue deregulation of the economy,

which he believes has not gone

far enough. "Despite the efforts

that we have made in this

administration, there are still

regulations at the national and

state level that impede the flow

of investment and obstruct the

productive process." Specifi-cally, Mr Zedillo pointed to a

Micro-economic reform. Mr

investment."

due to meet again vesterday to try to agree a basic list of constitutional amendments. But the period reserved for the revision, which lasts until the end of this month, is nearly over and few if any important changes are likely. The law which Wednesday's

medium-sized and small busi-

not rule out a change to the

current restrictive federal

However, the candidate also talked about a more active role

for the government in busi-ness. He said that his govern-

ment would do more to help

business train workers, acquire

modern technology, and bor-

row at low interest rates than

labour law.

es, and significantly would

electoral considerations, were

that Brazilian companies with Brazilian capital are assured benefits and protections, theoretically temporary, to develop "activities considered strate-gic". It also establishes that government agencies buying goods and services should give preference to Brazilian compa-

Tinker with the motor but head in the same direction

r Ernesto Zedillo, presidential candi-date of Mexico's governing party, comes from the same cadre of US-trained economists that has dominated public policy in Mexico over the past six years, so it is not surprising that he is a staunch supporter of the pro-market economic and social reforms that have marked the presidency of Mr Carlos Salina Nevertheless, Mr Zedillo insists that if, as is probable, he wins the election in August, there will be some significant changes in economic and social policy. Mr Zedillo diplomatically says the current govern-ment has not had time to

more prosperous. In an interview, Mr Zedillo highlighted three areas where new policies could be expected. However, he was careful to support the government's cur-

embark on all the reforms nec-

essary to make the economy

more efficient, and the country

nomic policy, and underlined his commitment to a stable ● Legal reform. Mr Zedillo called for a fundamental reform of Mexico's notoriously inefficient and corrupt legal system. This is an issue that as has hardly touched. But after the assassination of Luis Donaldo Colosio, the late presidential candidate, and the

rise in organised crime high-

lighted by recent kidnappings,

legal reform has become a central theme of Mr Zedillo's presidential campaign. Mr Zedillo said he would seek to modernise criminal laws, reform the judiciary and police and change the role of public prosecutors in the justice system. Judges, he said, should be more independent of the government than they are

now and more responsive to

The Mexican government and Zapatista rebels have re-started talks aimed at formally ending the conflict in the southern state of Chiapas, Damian Fraser writes from Mexico City. Mr Manuel Camacho, the government

peace negotiator in Chiapas, met leaders of the Zapatista movement at a secret location in the Chiapas jungle on Wednesday afternoon. Mr Camacho was yesterday expected to report on the outcome of

nal input into selection of Mr Zedillo said that the absence of a strong legal sys-tem not only affected the administration of justice but was an impediment to eco-nomic efficiency. "I believe that one of the essential conditions of sustainable economic growth is that a rule of law prevails. I am sure that respect

the public. He hinted at some

form of citizen or congressio-

the talks. The Zapatistas launched their rebellion on New Year's Day, pressing for land reform, indigenous peoples' rights and more democracy.

The government and the Zapatistas last

Mexico's probable next president, Ernesto Zedillo, outlines his plans to Damian Fraser

met on March 2, when the government presented a peace offer. The Zapatistas have still not responded formally to it, and temporarily broke off consultations with their supporters on their response after the assassination of the ruling Insti-

tutional Revolutionary party's presiden-tial candidate, Mr Luis Donaldo Colosio. In recent weeks tensions in Chiapas have eased as peasants have largely ended the land invasions that led to violent confrontation with rich landowners. Mr Ernesto Zedillo, chosen to replace Mr Colosio as the PRI's presidential candidate, was in Chiapas yesterday, and gave his unconditional support to the peace

has the current administration. Democratic and governmental reform. Mr Zedillo insisted that it was "indispensable to move ahead with democracy - it is an essential condition for the development of the country." Disagreeing with those who argue that recent social and democratic reforms have contributed to current instability in Mexico, Mr Zedillo said more democratic changes would

Mr Zedillo proposed a decentralisation of Mexico's government, giving more powers to states to run their affairs. In this he was following closely the policies outlined by Mr Colosio, for whom he worked as campaign manager. Mr Zedillo further said he believed that Mexico's impotent congress should be given more authority to scrutinise legisla-

capacity to govern.

However, Mr Zedillo appeared to shy away from a reform of the Institutional Rev olutionary party (PRI), which many consider a critical step in the democratisation of the country. He said: "The problem of democracy is not just of the PRI - it is a problem of all the society, of citizens of all the political parties. What is important for democracy in

Mexico is that there is equitable competition between all the parties." strengthen the government's

Mr Zedillo seems determined to keep the PRI united in the run-up to the election and apparently sees no contradiction between reaching out to the more unsavoury elements in the party and promising more democracy. He vehe-mently defended Mr Carlos Hank Gonzalez, agriculture minister, who has been accused of using public funds to rally support for Mr Zedillo. saying the attacks were orchestrated by the opposition to discredit the PRI.

While Mr Zedillo's campaign is more austere than those of the PRI in the past, the competition between the political parties is hardly equitable. Mr Zedillo far outspends opposi-tion candidates and, unlike the others, flies around the country in a private jet lent by a businessmen and enjoys highly favourable television coverage.

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Call for tighter derivativ regulation

HIS TRILLY MY

By Richard Lapper Senna, the racing driver. Senna, a three-times Formula One

Insurers, including underwriters at the troubled Lloyd's of London, face a payout of at least \$16m following the death last weekend of Ayrton

world champion, died from injuries sustained during the San Marino Grand Prix on 1 May. He was covered against death and injury by a personal accident policy, underwrit-

and Lloyd's syndicates. Typically policies cover annual income, medical and other expenses.

Additional multi-million dollar insurance claims are also expected to emerge on so-called "death and disgrace" policies, which cover most of Senna's sponsors against any loss of advertising revenue and extra expenses incurred as a result of the death or injury. One of these policies is understood

ten by both insurance companies to provide cover of at least \$5m. A range of other companies also insured the value of endorsements given by Senna in return for a fee to their products.

Insurers face \$16m payout on Ayrton Senna

Senna's death follows that of a rival grand prix driver, Roland Ratzenberger at San Marino on 30 April and only a week after the death of boxer Bradley Stone, who collapsed last week hours after an unsuccessful challenge for the super-bantamhighest ever by personal accident insurers to a sportsman and is expected to lead to a contraction in the highly specialised corner of the

insurance market. Annual premium income from professional sportsmen's personal accident premiums is estimated to amount to about £20m, of which between 10 and 15 per cent is generated by racing drivers.

Professional soccer players

The payout looks likely to be the account for up to 40 per cent of the

Previous heavy claims include \$14m paid to an American footballer paralysed after sustaining critical injuries. "This is one of the largest personal accident loses of any sportsman," commented one broker. Senna, who was widely regarded as one of the safest grand prix drivers, is understood to have paid some \$500,000 for a policy which covered accident and medical expenses. For the personal accident element of the policy, the basic rate of 0.75 per cent (of the sum insured) was at the lower end of the range of rates

charged to racing drivers. Motor racing drivers can pay up to 1.5 per cent of the sum insured for basic PA cover. The broker said that following safety improvements in recent years insurers rated the policies with the expectation that claims would cover injuries and medical costs rather than death.

Super tram venture appeals for **funds**

By Charles Batchelor, Transport Correspondent

Promoters of a £112m plan for a West Midlands "super tram" yesterday relaunched their appeal for government funding though approval in next November's budget would still mean a delay of four years in starting the service.

Centro, the West Midlands passenger transport executive, has formed a joint venture with two private sector companies to build a 13-mile long tram link between Wolverhampton and central Birmingbam. The Midland Metro would be the third modern light rail system to be built in the UK after similar projects in Manchester and Sheffield.

It has been delayed by pressure on government finances which have meant that the £102m of public sector funding has not been sanctioned. Approval in November would means services could start in 1998, four years late.

The Midlands proposal involves the greatest transfer of risk to the private sector and the largest private sector contribution to a light rail project, said Mr Bob Tarr, Centro director general.

Centro's two private sector partners, the John Laing construction group and the Italian supplier of rail systems, Ansaldo Trasporti, would put £9.2m into the project in return for a 23-year operating concession, including a threeyear construction period.

Centro is seeking a further £80m in UK public sector finance and £22m of European Union funds. The UK public sector contribution will comprise £40m of government grant and £40m raised by local authority borrowing requiring Treasury approval.

All the operating risks have been transferred to Laing and Ansaldo, the two companies said. If the project does badly and they pull out they forfeit a £5m deposit to Centro while if "super profits" are made on the line a share will also have to be paid to Centro.

Many still in dark over cross-channel route

The Queen and President Mitterrand will officially open the Channel tunnel today. But, But, despite the publicity surrounding one of the most ambitious engineering projects this century, many potential travellers are still in the dark about how it will work. Here is a users'

When will the tunnel open? That depends on who you are. Truck drivers may be able to start using the tunnel from next week but car drivers will have to wait until July. Details have yet to be given but Eurotunnel hopes then to offer a limited service for shareholders, long-term supporters of the project and others "by invita-

About 50,000 car-loads of special invitees are expected to make the trip at reduced rates or for free before a nearly full-scale paying service starts

in September/October. Through train services on Eurostar trains between London Waterloo and Paris and Brussels are expected to start up sometime in the summer, again initially with only a limited service. Can I drive through the

tunnel? No. If you take your car you will have to put it on one of the shuttles which will run between Folkestone and Calais. Can I put my car on a shuttle in London, Paris or Brussels? No. The Eurostar services between the three capitals are for foot passengers only.

What will it cost? Fares for the car shuttles will range from £310 at peak **Batchelor** previews the tunnel service

summer weekends for a car and full complement of passengers falling to £220 in winter. se prices are roughly comparable with ferry prices but they discriminate against, for example, business travellers alone in their car or couples. Fares for the Eurostar services have yet to be announced. Business travellers paying full fare can expect to pay a similar price to the air-line fare of around £200 but

off-peak travellers could be as low as £80 return. Will it be safe? Eurotunnel calculates that a trip through the tunnel should be 30 times safer than a similar train journey above ground. Tough safety standards have been enforced by independent inspectors and safety has been designed into the tunnel and its signalling systems. The two running tunnels mean trains never run in opposite direc-

special deals for leisure and

to contain fire for 30 minutes. The tunnel has also been built through chalk marl, a soft rock impermeable to water, at depths of between 80 and 150 feet below the sea bed so a sudden influx of water is

tions on the same line while

shuttle carriages are designed

But travellers will be expected to stay with their cars on

the shuttles. If a car develops a petrol leak and catches fire passengers would have to move to the next carriage quickly. There are also fears that the open lorry shuttles (car shuttles are enclosed) would mean a fire or fumes could spread more quickly. How long will it take?

If you are just taking a shuttle through the tunnel the motorway-to-autoroute time is just over an hour of which half is spent actually in the tunnel. If you are travelling by Eurostar the London to Paris journey time will be 3 hours and London to Brussels time will be 3 hours 15 minutes.

These through journey times should be cut to 21/2 hours and 2 hours 10 minutes respectively after the Belgians complete their high-speed link in 1996 and the British build their Channel tunnel rail link by around 2002.

The Eurostar trains should provide a faster, more convenient service between the three capitals than is possible by air. The advantage of the train is it delivers travellers to the city centre, it is not susceptible to fog or other airline delays and it also provides an uninterrupted journey. What are the facilities for

relaxing during the journey? Eurostar travellers will have the normal facilities of a train journey including meals (served at your seat for first class passengers) and a bar. But travellers on the shuttle have only "a loo and a light bulb," as the ferry companies like to describe it.



Voters make their way to a polling station in London's Bast End where legal monitors were present due to fears of intimidation. The area was tense following recent victories by the far-right British National Party. Elsewhere more than than half the nation's electorate was eligible to vote in local poils seen as crucial to the fortunes of the government and the prime minister. Paper: Com Beerl

Workers 'lured' to east Germany

Construction Correspondent Hundreds of British construction workers lured to east German building sites by the promises of high wages have been left destitute after being cheated by unscrupulous lahour agencies and employers the UK Building Employers Confederation (BEC) warned vesterdav.

Arrangements to ship home 150 distressed construction workers was made in a single month this year by British consulates in Germany according to the UK foreign office. One 19-year-old Londoner was paid the equivalent of £10

for four weeks grinding the

car park before being dismissed for allegedly poor work. Conditions on the site were very poor and the worker was not provided with a mask, said the BEC, which has interviewed a number of recently

returned workers. It claims many more are still trapped or trying to make their way home, unaided. British consulates will help individuals trace friends and relatives who might pay for fares and make travel arrangements but

do not provide money. A big rise in eastern German construction following the unification of the country has increased demand for cheap labour sucking in thousands of

temporary workers from eastern Europe, Turkey and also from Britain.

German construction work-ers under the country's strict labour laws are much more costly than foreign workers many of whom are uneducated or do not speak the language and find it difficult to complain about appalling living standards or dangerous working conditions.

Mrs Elizabeth Bridge, BEC's director of taxation services, said she was alerted to the scale of the problem after UK construction workers requested information on how to reclaim German tax paid on wages. They had been duped into accepting lower wages on the false grounds that British authorities would repay the

Many of the labour agencies advertising for bricklayers, plasterers and scaffolders in British national newspapers are based in Belgium or Holland outside of Germany where they would be illegal. Job seekers mostly are interviewed in bars or public places.

A 36-year-old scaffolder who answered an advertisement in the Sun newspaper was told to make his way to a Frankfurt hotel where he waited for three days with about 50 other workers. Their potential employer never arrived and the scaffolder was left with a £400 bill. The agents could not be traced.

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pean Court of Justice said EU law did not prevent an employer raising a woman's pension age to 65, the same as a man. The court usually confirms the advocate-general's opinions.

for Avdel Systems, a company in the town of Bedford, north of London. They had planned to retire at 60 on full pension but were told by their employer in July 1991 that unless they continued to work until they were 65 their total pension entitlement would be cut by 20 per cent.

"We are obviously disappointed for the women," said Ms Kamlesh Bahl, chairwoman of the Equal Opportunities Commission, the UK equality watchdog. "They have lost substantial The case being considered by the court involves 78 women who work change and feel it is wrong that in the

name of equality those rights have been taken away."

Mr Alan Jenkinson, policy director at Sedgwick Nobles Lowndes, employee benefits consultants, said: "The opinion goes further than gen-eral practice in this country, as few employers are equalising pension ages for service up to May 1990.

"But it is unlikely employers will take full advantage of it. Not only will it complicate the administration of their pension schemes, but the changes it will bring would be harsh on their female employees."

The European Court's Barber v Guardian Royal Exchange ruling in 1990 found that pensions were part of pay, so men and women had to be treated equally. Occupational pension schemes had to remove sex discrimi-nation from their rules - including the different ages at which pensions

Yesterday's opinion, if confirmed, would mean employers could set the retirement age and would not, under European law, have to preserve any They would still have to ensure, however, full equality of pension enti-tlement for service after May 17 1990, the date of the Barber ruling. Under a European court ruling last October employers are not obliged to pay equal pensions to men and women for service before May 1990.

For the women at Avdel Systems, pension rights would be protected only between May 1990 and July 1991 when the company raised the age of their pension entitlement. For service before May 1990, the European Court has held that European equality law does not apply.

Britain in brief



Hunt losses Nissan UK appeal

Mr Michael Hunt, the former Nissan UK managing director jailed for eight years after being found guilty of the largest corporation tax fraud in UK history, yesterday lost his appeal against both conviction and sentence.

conviction and sensence.

Three appeal court judges upheld the majority verdict reached by the trial jury last June convicting Mr Hunt of conspiring to cheat the Inland Revenue of £55m.

The fraud involved Nissan UK, former importers of the Japanese cars, using an intermediary company and false invoices to artificially increase freight charges and so avoid corporation tax over a nine year period. Giving judgment, Lord Justice Stuart Smith said the

eight year sentence was "not a day too long".

Abta to use detectives

The Association of British Travel Agents is launching a two-pronged crackdown on tour operators and travel agents - including the use of private detectives - to safeguard customers against companies going bankrupt.

Members voted nine-to-one at the association's annual meeting last weekend to give the secretariat more powers to look into companies accounts and activities at any time - for example, if it suspected a company of engaging in activities of which it was not aware.

Russian car group duped

Three British businessmen were convicted yesterday of a multi-million dollar fraud on a Russian automotive company trying to set up a large scale kit car assembly

operation following the collapse of the Soviet

command economy. The fraud, centred around the non-delivery of goods paid for in advance by the Russian Autokam company, is seen by UK police and prosecutor as a prime example of the vulnerability of emerging Eastern bloc entrepreneurs to outside exploitation.

Hoskyns seeks role in Crest

Hoskyns, one of the UK's leading computer services companies, has announced it will compete with the London Stock Exchange to become the independe supplier of full operational facilities for the CREST paperless share settlement

It is thought that in addition to Hoskyns and the Stock Exchange itself, potential competitors for the Crest contract include AT&T. British Telecom and EDS.

Shoppers face coffee rise

Shoppers could face further increases in the cost of coffee after a surge in the international market has sent wholesale prices recketing in recent months. The London Commodity Exchange's coffee futures price has risen by 40 per cent or \$470 a tonne since

the beginning of the year. A squeeze in coffee supplies on the world market has pushed prices up by \$117 a tonne this week alone and although the market slipped back slightly yesterday. analysts say the long-term trend is upwards.

Nationwide unravels links

Nationwide Building Society is to set up wholly owned life insurance and unit trust subsidiaries which are due to become operational next summer. The move marks a further unravelling of the links that have existed between life insurance companies and building societies.

The society currently acts as a "tied agent" for Guardian Royal Exchange, the composite insurance group, selling only Guardian insurance products

Supermarkets | German buyer for Lancer Boss to face courts over brands

Brand manufacturers are planning to launch a series of court cases against supermarkets that sell look-alike products, having become convinced that a full-scale war with the big supermarket chains has become unavoidable.

Their fears of being damaged by supermarket products packaged to resemble market lead-ing brands have been underlined by an NOP opinion poll they have published showing that more than a fifth of all consumers have bought super-markets' own brands in the mistaken belief that they were purchasing a leading brand. John Murphy, chairman of

the brand development company, interbrand, and spokesman of the British Producers and Brand Owners Group, said that the brand manufacturers felt that they had been exploited by supermarkets for

He said the brand owners would be launching a series of law suits alleging that supermarkets were "passing off" in the packaging of products.

Coca Cola is widely expected to initiate the legal campaign with a passing-off case against, Sainsbury for allegedly infringing its intellectual property

"We have made our views known to Sainsbury", said Mr

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Peter Stokes of Coca Cola. "However I cannot comment on what further action we will take until our talks with the

company are completed". Mr Murphy said that Sainsbury was likely to be the target of several cases. Manufacturers might launch a case against the group in France, where the chain has recently opened a shop in Calais and where the legal restrictions are much

tighter than in the UK. The NOP poll was conducted three weeks ago and involved interviews with 1008 shoppers. Of these, 42 per cent said they had picked a supermarkets' product off the shelf thinking it was a manufacturers' brand and 21 per cent said they had mistakenly bought a look-alike.

Equally worrying for the brand manufacturers is that 41 per cent believed - mistakenly that supermarkets' products were made by the manufacturers of the market leading quivalents.

The results seem to contra dict a MORI poll for the British Retail Consortium of 514 shoppers which found that 78 per cent of shoppers said they never confused branded goods and look-alikes. The brand owners group, which includes Procter & Gamble, Unilver, Nestlé and Mars, has failed to persuade the government to amend the legislation to introduce curbs on look-alikes.

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The future of Lancer Boss was finally resolved yesterday when administrative receivers to the last big UK-owned producer of lift trucks announced they had sold the business to Germany's Junghehrich

The deal, which was welcomed by managers and employees at Boss, ends one of the most extraordinary receiverships in UK corporate history. It secures the future of 700 jobs at Boss factories in Leighton Buzzard, Bedford-

Terms of the deal were not disclosed, but it is understood Jungheinrich paid about £18m, excluding debtors, for the Lancer Boss Group and associated companies in the UK, ireland and Austria. The deal - which sees the

last significant UK-owned lift truck producer pass into foreign hands - follows intense negotiations in the past few days involving Grant Thornton, the accountants who were appointed administrative receivers on April 8, and the three bidders. Jungheinrich, based in Hamburg, was persuaded to raise its bid "very significantly," outbidding Terex of the US and a proposed management buy-in.

Mr Allan Griffiths, a partner at Grant Thornton and one of the administrative receivers, said the price paid by Jungh-einrich was "at the very top end of our estimates." He would not say how much

Boss' banks, led by National Westminster, would receive. but said they were pleased with the deal. Lancer Boss called in the

receivers on April 8 after German banks withdrew support from Steinbock Boss, the UK company's big German unit. prompting it to call in a Ger-

man receiver. The case quickly highlighted the difficulties of selling a group with horrowings and operations in different European countries when there are no standard European insolvency rules.

Yesterday, Mr Griffiths said

there would have been more

international interest in Lancer Boss if he had been able to sell the UK and German sides of the business together. He warned that a split receivership could reoccur, especially with medium-sized UK companies whose European operations are financed locally, and said he would be sending a report to the Department of Trade and Industry on the lessons learned from the

Jungheinrich was always considered the leading contender for Lancer Boss after its purchase of Steinbock Boss. Mr Bob Bischof, chairman of Jungheinrich (GB), defended his company's role in the affair against accusations of a "conspiracy" against Lancer

He claimed the combined price paid by Jungheinrich for Lancer Boss and Steinbock Boss was virtually the same as it had offered before the receivership to the group's former coowner and chairman, Sir Neville Bowman Shaw.

Mr Bischof said he was "absolutely sure that no conceivable scenario would endanger jobs" at the Leighton Buz-



Dr Ing Hans-Peter Schmohl of Jungheinrich (left) and Alan Griffiths, the Lancer Boss receiver, yesterday

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Foreign policy expert joins Morgan Grenfell

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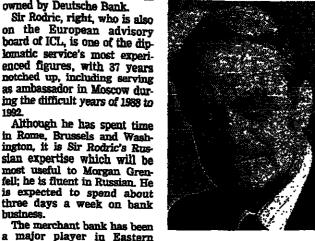
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bank to open an office in Moscow (in 1977) and has to hire them as advisers.

arranged over 90 per cent of the export credits to the former Soviet Union. More recently, it has completed the first limited will bring the bank's total of recourse financing for an oil

Whereas most merchant



banks tend to recruit ex-diplomats as non-executive directors, Morgan Grenfell prefers Last year, Morgan recruited Sir John Whitehead, a former ambassador to Tokyo. This latest appointment, of Sir Rodric,

For the last five years New Zealander who founded and then floated the pub operator JD Wetherspoon, has brought in another young man to help him run the rapidly-expanding chain. Martin has shared the roles

of chairman and managing tions and group planning. director since the group came to the market in October, 1992 - a period which has seen the size of its estate grow from 44 pubs to 77. The choice of Mark McQua-

ter, 34, as the group's new managing director seems partly designed to allay any concern among institutional investors that Martin might overstretch himself, as the group expands beyond its Lon-

If reassuring institutions was their brief, the headhunters who came up with McQuater appear to have pressed all the right buttons. A Scottish chartered accountant, he has experience with both big-company procedures in the drinks industry and the City.

McQuater has been working in Scotland with Natwest Venture, the clearing bank's venture capital arm. Before that he spent three years with Scottish and Newcastle Breweries. working on corporate transacnvestors scouring the

commercial property mar-

ket in search of value are

beginning to turn their

attention to an unconventional

income to capital) are mark-

looking at pubs as a form of

property investment in order

to get more attractive yields,"

says Mr Gareth Jones of Con-

rad Ritblat Sinclair Goldsmith.

property advisers. The recent

sale at an auction of a pub in

Whitechapel, east London,

(currently let to Shepherd Neame) for about £500,000, on a

yield of 9.5 per cent, is a good

example.
Relatively few other deals

have yet been struck, though

some investors are actively

considering investing in the

market. Erdman Lewis esti-

mates that £150m has been ear-

marked by institutional funds.

property companies and family

trusts to spend on pub prop-

This nascent interest in the

pub property market is the result of the MMC-induced

shake-up in the industry. In a

market traditionally domi-

nated by the brewers, the MMC

"More and more people are

market.

edly higher.

McQuater - who Martin first met in 1987, while signing a deal with S&N - will concentrate on the day-to-day manment of the group, allowing the chairman to concentrate on strategic development. JD Wetherspoon's slick mar-

keting - which involves reserving up to a third of its bar space for non-smokers - has proved successful; another 10 pubs will soon open.

The splitting of his roles is unlikely to mean a drop in sal-ary for Martin, who last year earned £128,000; but the issue is scarcely a burning concern. The group's shares have more than doubled since coming to the market, and the 18 per cent stake held by Martin and his wife is now worth nearly £25m.

New finance director at **Green Property**

In the space of six months. Green Property, the Dublinbased property investment and development group, has recruited its second corporate finance specialist from the Investment Bank of Ireland (IBI) stable, one of Ireland's leading fund managers. The 42-year old Danny

Kitchen is leaving his post as a director of IBI Corporate Finance, to join Green Property as its new finance direc-

He will be replacing David McDowell, who will continue as a director on the board and as company secretary. Kitchen has worked closely

with Richard Hooper, who last September retired as the managing director of IBI corporate finance and was immediately recruited onto Green's board as a non-executive director by Stephen Vernon, Green's managing director. Hooper has been involved in

most of the major corporate finance deals in Ireland for the past two decades.

and went on to work for Northern Bank, subsequently joining IBI in 1980. He advised Green on its

If42m acquisition last February of the Irish Merchant Navy Officer's Pension Fund property portfolio, which consists mainly of office buildings in Dublin's city centre, and its part financing through a successful 1226.3m three-for-four rights issue.

Vernon said yesterday: "I wanted to take on someone with the appropriate corporate finance skills the company needs and Danny is the best man around."

Vernon has been on Green's board since 1989 and became managing director in September last year, four weeks before Hooper joined the board. His main experience has been in the UK property mar-

limitations placed on brewers' ket. He added yesterday that pub ownership has created Kitchen will now bring specinew opportunities for other investors to enter the market. alised knowledge of the Irish In broad terms, the impetus property and financial markets into Green. The company has

Investors are increasingly heading for the pub. Vanessa Houlder explains why

Pubs are "one of the last untapped property investment resources", according to prop-RRRR. erty advisers Erdman Lewis. The recent changes in the UK brewing industry - prompted by the 1989 Monopolies and Mergers Commission report designed to make the industry more competitive - has poten-Britain's pub landlords tially opened up a new class of property investment, with a Proportion of total pub ownership total value equivalent to 8 per cent of the total property Scottish & Newcastis 3.1% Institutions and property companies have, so far, been tentative in their approach to the pub market. But the 7.8% remarkable performance of the 8.8% 18.5% property investment market regional brewers over the past year is encourag-ing investors to be more adven-Grand Met turous in their search for bar-Multiple pub gains. Pubs share many of the 10.0% characteristics of retail prop-erty, but yields (ratio of

> increasingly creative ways to in 1997 the competition exempfinance their pub estates. Opportunities for investors could also arise with the emergence of licensed retailers such

as JD Wetherspoon, Regent

Source: Erdman Levels 1992 estim

Inns and Grosvenor Inns. According to Erdman Lewis, property investors are prepared to regard this type of tor. In a survey of investors company as acceptable

some analysts shown little attractive yields' appetite for stri-

leaseback deals while finance lio, usually as a result of a is available from more conven- larger property holding, which

tional sources. They may also be holding back while there is continuing uncertainty over the structure of the pub industry until the

European Commission reviews

tions that enable British breweries to operate the tied house

But an equally important brake on the market is investors' reticence. This reluctance is not entirely the consequence of unfamiliarity with the sec-

that own more More people are direct property than £3bn of The market looking at pubs as holdings, Conhas been slower to take off than a form of property clair Goldsmith investment in found that 40 expected. Brewers have so far order to get more already held pubs as investments in their

property portfo-

in many cases was historic. One of the most serious obstacles blocking direct institutional investment in property is a difference of approach between investors and tenants

concerning the method of rent

Traditionally, pub operators have based their assessment of rents on the potential trade that could be generated from a pub. This basis of assessing rents deters investors accustomed to calculating rent on the basis of total floor area.

When Conrad Ritblat Sin-

clair Goldsmith surveyed

investors it found that rent calculation methods topped the with rental calculation are evidently preventing investments in public houses," it concluded. The poor quality of informa-tion about rental and capital values is another inhibiting factor holding back potential pub investors. In the Conrad Ritblat Sinclair Goldsmith survey, nearly all investors said this factor has resulted in poor market awareness. "In any

prerequisite to any significant investment market being created," it said. he low value of the average pub deal and the heavy toll on management time and effort is another disincentive. Institutions frequently require portfolios of between eight and 50 pubs or big city centre sites, to make it worth their while in

event, an index demonstrating rental and capital growth is a

investment terms.
Potential investors are also concerned about the perceived oversupply of pubs. The brewing industry expects the closure of a further 10.000 pubs in the next few years from a total of about 60,000 at present.

The concern over a possible flood of pub sales over the next few years is reflected in the higher values commanded by those pubs which could potentially be put to alternative use. An urban pub, with a strong potential for alternative use, will command much higher prices than a rural

The dilemma facing potential investors is that some obstacles to the development of a pub investment market, such as the lack of a rental index and the method of rental calculation, are unlikely to be changed in the early stages of the market's development. Investing in pub property may it is strictly for pioneers.

Cadbury comes to fore at Premier Brands Roger Cadbury, 56, has been

appointed chairman of Premier Brands, the Hillsdown Hold-

It was the first UK merchant

ings subsidiary. He replaces Bart Constandse, who stands down on June 1. Constandse will also be resigning as a director of Hillsdown after being with the group

for 4½ years - on July 1.

The post of Premier Brands chairman incorporates the European biscuits and beverages division of the group. Cadbury has considerable

experience of the food and beverage business, having worked for Beecham, General Foods and Whitworth Holdings. He was promoted from being sales director of General Foods

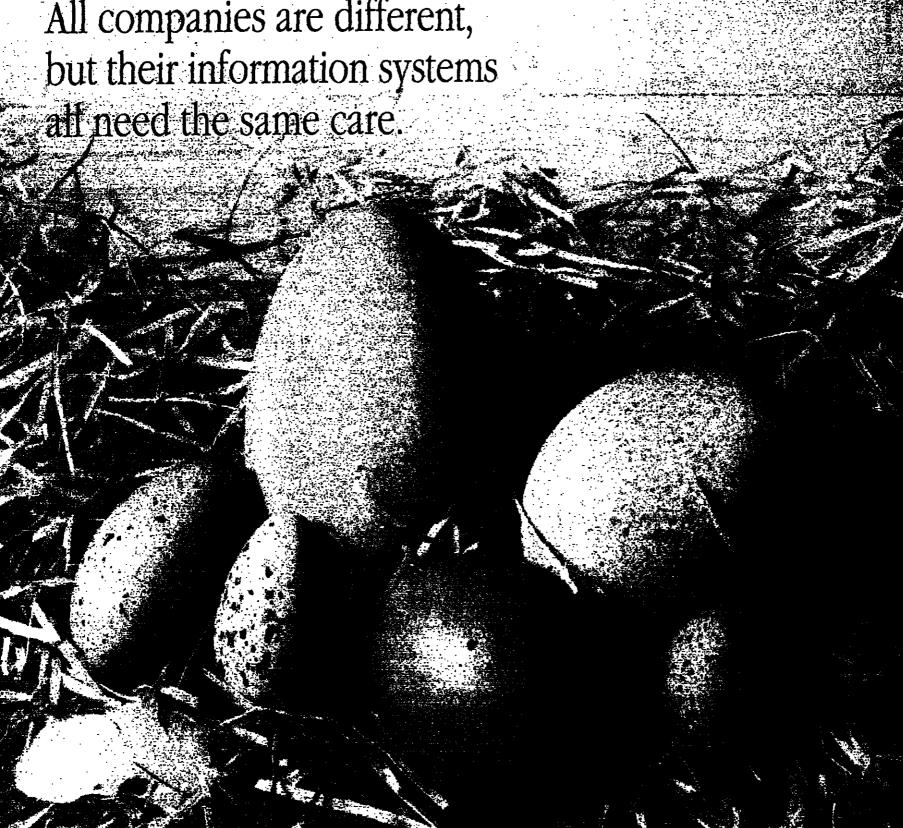
to deputy managing director in 1984, moving up to managing director in 1987. He joined Whitworth Holdings as group managing director in January 1990. Although a member of the as second cousin of Dominic and Sir Adrian Cadbury, his great-grandfather was their grandfather - he has never worked for the Cadbury busi-

Ironically, however, thanks to a management buy-out which gave birth to Premier Brands, he will now have responsibility for some famous biscuit brands carrying the Cadbury name.

Hillsdown restructured its subsidiaries into four European divisions some 18 months

Of the many familiar beverage brands included in his new portfolio, Typhoo Tea and Bournvita are perhaps the most well-established. Cadbury will be reporting to David Newton, Hillsdown's chief executive.

for the development of an Constandse will be returning ambitious plans for further investment market in pubs is Belfast-born, Kitchen was growth and development," he to his native country, Holland, likely to emerge from the educated at Queen's University search by pub owners for well-known Cadhury family to pursue his business career. All companies are different,



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The number of women at the top of business appears to be falling. This week a survey by the Institute of Management showed that the number of women managers and directors in the UK's biggest companies fell by 6.9 per cent last year. The trend in the US and Canada is also Given that many large organisa-

tions have affirmative action programmes for women, this situation may seem surprising. Following research in North America I would argue that it has come about because of two filtering blases: sex-based stereotypes and performance management or appraisal.

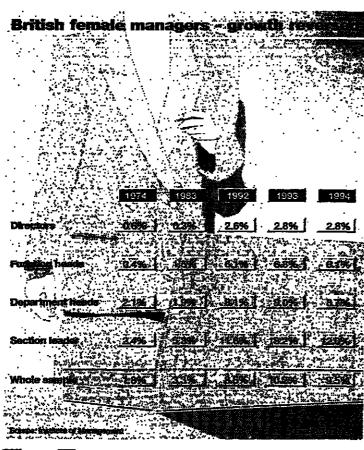
A sex stereotype consists of ideas concerning ability, skills and preferences which are based on the sex of a person rather than their behaviour and job performance. Stereo-types are short-cuts to decision making because they use the obvious - for instance, is someone male or female? - rather than judging a person's knowledge or evaluating what they have done in their work Many people in general believe that women have more "expressive" skills (more relationship-oriented, helpful, emotional, supportive, consensual) and that men have more "instrumental" skills (more autonomous, independent, assertive, take greater risks, are more focused on

attaining objectives). Some psychologists would push our acceptance of the biological differences to believing that these are the basis for different abilities. motivation and personality. Stereotypes are easy-to-use views of people in general, having a grain of truth. The point is that they are based on men and women non-managers in the general population.

Our research asked women and men managers (matched on socioeconomic status, salary, position, years of work experience and months of supervisory experience) to describe the meaning of the motivational components of their jobs. The stereotypes would suggest that male managers would primarily offer "instrumental" motivators for example: "Til exceed my sales quota"; while the women managers would give "expressive" motivators such as: "Til feel better."

We found no differences whatsoever. Our results offer no support for the argument that the work motivators for women versus men managers lie in two different

Critics might still argue that even if their motivations are similar, the behaviour of the sexes - the way they go about realising those motives - is different that is. "expressive" for women managers and "instrumental" for men. No doubt promotion and selection members can selectively recall some candidate behaviours



Women on the move

Michael McCarrey gives his view on why the number of female directors in the UK has fallen

that do fulfil their biased expectations. But this is an example of the

self-fulfilling prophesy. Performance management is the most blatant smoking gun to sex inequity in management jobs. The basic problem is the lack of weight given to the task by CEOs and executive cadre who, in spite of saying the opposite, feel performance appraisal is good for their subordinates, but not for themselves.

Most managers in a group of top US Fortune 500 Companies, for example, did not feel that performance management was a legitimate part of their job as a manager. In their corporate cultures the implication is that the ass

process really belongs to the human resources department, which is seen as complicating the manager's job with armloads of cumbersome, time-consuming forms (in whose design they have had very little involvement). Consequently, line managers are rewarded for tasks which do not include real steps towards the development of their subordinates.

Performance management works to the detriment of women managers because of the way it combines with the aforementioned sex-based stereotypes. It is precisely because performance management is time consuming, difficult and seen as peripheral, that supervisors are too often tempted to use sex-based ste reotypes to accelerate or simplify the appraisal process.

For example, our research found that compared with egalitarian supervisors (identified as those who had few sex-based stereotypes), traditional supervisors (who had many stereotypes) devalued the work of their women subordinates. They appraised them as less able to direct their subordinates autonomously, promote their career development, or effectively monitor their

day-to-day results. Little wonder then that an increasing number of women managers react, not so much against the tough demands of modern management regimes as against biased performance management outcomes. Some women managers have been leaving to run their own companies where stereotyped performance management evaluations will not work to their disadvantage.

Companies that insist on real results in reducing gender inequity in their managerial workforce need to examine their corporate culture and determine the role given to per-formance management, by compari-son with their (other) strategic goals. If the same weight is not given to the improvement of human capital as to market share, profit and other organisational priorities, small wonder the human resources function is often viewed as unre-lated to the "real" goals of the com-pany. The acid test here is: do the job descriptions of all staff (board of directors, executive, administration) include meaningful percentages of weights and time spent in subordinate development with examples of

what this means in practice? Many younger companies in fast-moving, high-tech fields have no job descriptions, nor do many selfdirected work teams. They need procedures such as weekly or monthly scrutiny of the team "job" description with action statements when indicators show poor outcomes across team goals.

Second, companies insisting on real results in reducing managerial sex inequity need to examine the corporate culture of their board of directors, executives and administration for the less overt instances - attitudes, prejudice, defensiveness, posturing, territoriality - of sex bias in recruitment, selection and performance management.

Almost 20 years ago a prominent bank's chairman in Canada reported that the bank was unable to appoint a woman to the board. In response to public outcry and, one suspects, a drop in retail banking market share, the bank appointed an outstanding woman who met the criteria for board membership.

The author is a professor at the Faculty of Social Science, University of

CHRISTOPHER LORENZ

Cross-border victory, national casualty



big American mul-tinational was heard complaining about a pagging problem. How

could the company tell governments, without causing a storm, that the changing technology and economics of its industry were undermining its ability – and that of many competitors – to remain a "good corporate citizen"?

To be specific, how could it convince seemingly deaf officials that slower market growth, plus the scope for greater cross-border mies of scale within Europe and across the globe, would soon make it impossible for many multinationals to maintain a balance of activities between countries?

Put bluntly, they would soon need to develop products in only one or two European countries, and to make them in just a handful. There would have to be some painful relocations.

Today even the deafest government official is all too aware of the problem. The arrival of the single European market has combined with recession and greater global competition to force company after company to reconfigure its network of activities.

For understandable but misguided reasons, the relocation of existing factory work tends to grab more headlines than the reconfiguration of higher valne-added activities - such as research, design and engineering on which future businesses

In the last fortnight there have been several such moves. One of the most widely publicised was LIG's transfer of condom manufacture from Britain to Italy and Spain. Moulinex also announced the shift of kettle-making from the UK to its native France.

But the two most significant decisions came from Texas Instruments, the US electronics group. and from Ford.

As part of a "re-engineering" of its operations which involves creating a small number of European "business centres", TI is to shut its long-established plant

near London. It also plans to transfer two of its four highest-technology development teams in the UK to Germany and France. A smaller number of engineers will move in the reverse direction to join one of the other UK teams.

Even more sweeping is Ford's merger of its North American and European vehicle operations. which have always worked sepa-rately. Europe will become the global product development and management centre for small and medium-sized cars, while America takes the rest.

In one sense the TI and Ford changes are the latest examples of a now standard 1990s phenome-non: the migration of multinationals away from geographic struc-tures towards global ones.

its industry and its corporate his-

Networks of far-flung specialists are supposed to be one of the hallmarks of the modern

tory, Ford is a generation ahead of TI and many other companies in this process; it is moving from regional to global, while they shift

multinational

from national to regional. But in other ways, the moves by TI and Ford challenge conventional wisdom about how multinationals should operate.

Take TI first. Other large US multinationals, such as 3M and Hewlett-Packard, have been able to abandon country-based structures without affecting the scope and depth of their operations in major European nations. Units in France, Germany, Italy, the UK and elsewhere have been given regional or global responsibility for particular businesses and product lines. Their manufacturing and product development have

heen reinforced, not reduced. Sadly, 3M and HP are in the minority. TI's problem, and that of most other US and European companies, is that their range of activities in Europe is not broad enough, or breakable into suffievenly across the region. Nor has II been growing fast enough to emulate 3M and HP.

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But this does not explain its need to move two teams of engineers out of the UK. The one being moved to Germany was too small to stand alone. But this is not true

of the other. TI says it decided that the Brit-ish team, which works on digital signal processing for use in multisignal processing for use in much media and information highways, should be brought together to cre-ate "synergy" with a similar group in France. Nice was the best location, even though it is further than southern England from TTs main European customers.

But why co-locate the groups at ail? Why, in these electronic days. could they not be kept in different locations, able to communicate with each other at will?

Given all the complexities of developing new products, co-loca-tion is always ideal. But in order to tap skills around the world and to be responsive to market differences, networks of far-flung specialists often have to work together. Such networks are supposed to be one of the hallmarks of the modern multinational.

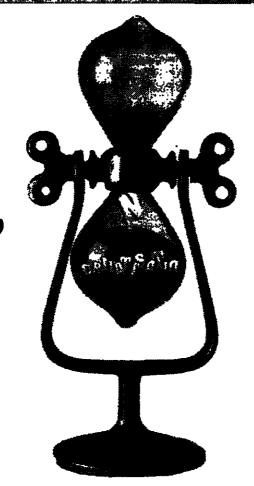
Which brings us to Ford. Unlike TI, it is retaining, at least for now, its existing European design, development and engineering centres - in Germany and Britain. The financial and political costs of merging them would be high.

But it has admitted in the past that it suffers a cost penalty from having two centres in the same region. Its new global managers will be hunting hard for productivity increases in engineering.

Ford could also decide in a few years' time to shift responsibility for some small cars to Mazda, its Japanese affiliate - a step which was mooted a few years ago.

So, although Ford has always tried harder than most to be a good European corporate citizen. it may yet have to bring itself to concentrate most of its engineering in either Germany or Britain. Other companies - and countries - will be watching with more than a modicum of self-interest its struggle to organise more productively across borders without creating national casualties.

The opportunities are unlimited, but they do not last forever!



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PRIVATISATION IN HUNGARY

In the spring of 1990 free and democratic elections were held in Hungary. The government which came to power at the time was faced with many historic and economic challenges. Of these, one of the most important was to transform the centrally decades, to a free market economy. Privatisation has been of crucial importance in achieving this aim: the changing state ownership to private ownership. During the past four years these comprehensive and irreversible processes took place in

Privatisation is the most significant means of developing a market economy: by continually increasing the proportion of private ownership in the country, the process is instrumental in establishing an up-to-date, effective economic structure with a wide entrepreneurial middle class in its centre, upon which the social basis of the market economy is based.

Hungarian privatisation, the transferring of the state property into private hands, rests on two fundamental principles. Firstly, it is not possible to acquire property by civic right, and secondly, the process is guided strictly be commercial considerations. The new owners are selected in a regulated framework of competitive tendering. This is the only way of guaranteeing that the Hungarian and foreign individuals and companies who acquire the state assets have not only got the purchasing power, but are in possession of the necessary expertise and capital to operate economically, effectively and in the longer term.

The State Property Agency (Állami Vagyonügynökség) and The State Holding Company (Állami Vagyonkezelő Rt.)

The State Property Agency (SPA) has been established by parliamentary legislation. Its task is to realize state assets; transforming state owned companies into private ones, (by restructuring, economic improvement and other economic organizational measures, prepare them for sale, prepare and invite tenders and guard the integrity of the tendering process). For the interim period, until the state owned companies belonging to the portfolio of the SPA are sold, the Hungarian state has vested the responsibilities of ownership and the exercising of ownership rights into the SPA. The SPA also develops privatisation techniques and methods. During the process it utilizes the services of many expert asset valuation, marketing, broker and consulting companies. The SPA owns various proportions of the restructured state owned companies. It is these state assets which the SPA realizes during the course of the tendering process. It fosters wide ranging international contracts and has an extensive data base as well as a comprehensive information system. It carries out far-reaching publicity and marketing activities.

The State Holding Company (SHC) has been established to handle and sell off part of the assets of those companies in which the state wishes to keep a permanent stake. Its goals, which are also regulated by law, are the following:

 to privatise to the maximum degree allowed by legislation, the companies it handles. to maximize the value of the assets it is managing, while

continuing with its strategic activities, to pay dividends to its owner, the Republic of Hungary.

The SHC exercises owner's rights by employing commercial procedures. Its primary task is to promote the effectiveness of the responsibilities of the state in those sectors of the economy which are of strategic importance. In other words, it aims to ensure the long-term viability of state owned companies. It develops comprehensive strategies for the companies in its portfolio. Its portfolio is defined by government decree which also stipulates the proportion of its ownership which may vary between 5 per cent and 100 per cent. However, in the majority of companies the stipulated share of ownership is 25 per cent plus one vote, or 50 per cent plus one vote. Its remit is to privatise 50 per cent of the total assets in its portfolio with the exception of banking institutions.

Foreign investment in Hungary

According to previous legislation, companies operating with majority foreign participation had to apply for government approval, which meant not only the Minister of Commerce, but also the Minister of Finance. These regulations have been abolished in 1990. Since then, foreigners who wish to establish a commercial enterprise in Hungary do not need any permission whatsoever in respect of the size of the share package they may own. As far as foreign investment is concerned, no exceptions or restrictions apply to any industry.

The year of 1993 was record breaking in attracting foreign capital investment. According to preliminary figures \$2.2 thousand million foreign investment has been realized in 1993, while it amounted to only \$500m up to 1989, \$900m and \$1700m in 1990 and 1991 respectively, and also \$1700m in 1992. Total foreign investment to date is in excess of \$7,000m.

Twenty-nine per cent of foreign investment originates from the United States, 25 per cent from Germany, 12 per cent from Austria, 6 per cent from France and 5 per cent from Italy. Other significant investment has been placed by Japan, the United Kingdom, Sweden and Holland. Compared to previous periods, the increase in the proportion of German investment is

Fifty-eight per cent of all foreign investment has been channelled into industry, the most significant proportion into the engineering and food industry, 16 per cent into telecommunications, 7.5 per cent into the hotel, office building and property sector, and 7 per cent each into the financial and commercial sectors. Recent tendencies show that the telecommunications sector has become the most attractive one for foreign investors.

1993 saw the privatisation of the Hungarian Telecommunications Company (MATAV) which yielded a significant \$875m revenue for the country.

Future prospects of Hungarian industry

According to economic analysis one of the most important tastk of industry is to catch up, in the shortest possible time, which the developed nations. In order to achieve this aim the structure of industry must, on the one hand, be brought in line with world economic trends and domestic potentially while on the other, and this constitutes the more difficult task, the old industrial structure distorted and blinded by the previous strategy must be eliminated, thus developing comparatively quickly, the new structure which will be competitive in the vorld economy.

The appraisal of development possibilities reveals that the following areas will, in all probability, be competitive in the longer term:

 Activities related to the food industry. E.g. biotechnology, intermediate manufacturing, the food industry, agricultural equipment manufacturing, refrigeration industry, food industry equipment manufacturing and the canning industry.

Elements of public health systems. E.g. the pharmaceutical

industry, medical instrument manufacture, design and construction of hospitals rendering complete health institutions, therapeutical equipment and material infrastructure.

 Certain phases of the aluminium industry, which relate to the new utilization methods.

 Vehicle parts manufacture and assembly, involving several activities which may promote the development of e.g. vehicle electronics, the leather and synthetic leather industry, the dye/paint industry, and the synthetic material processing

 Also favourable are the prospects of the furniture industry and some other light industries.

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BUSINESSES FOR SALE

BRITISH COAL CORPORATION

Invitation to offer to purchase Compower Limited **Outsourcing of** information technology services

British Coal Corporation ("BCC") is seeking offers to purchase its computer services bureau, Compower Limited ("Compower") and, at the same time, tenders for the supply of information technology services currently provided by its in-house information technology services department, BCIT.

Compower, which is a wholly-owned subsidiary of BCC, is a specialist computer services bureau providing a range of services to industrial, commercial and financial organisations throughout the United Kingdom, its activities are concentrated in the processing services sector and include human resource management systems, electronic funds transfer and point of sale services and data preparation and printing services. In addition, the Company provides other mainframe processing services, mainly relating to accounting systems, and supplies personal computer-based electronic data interchange software.

In the year ended 27th March, 1993 Compower's audited profits before tax were approximately £0.9 million on tumover of approximately £8.7 million.

Prospective purchasers of Compower are now invited to pre-qualify for the sale process. Applications should be made in writing to BCC at the address stated below enclosing the following

- a brief description of the applicant's activities and those of the group to which the applicant belongs, if applicable;
- a copy of the audited annual company accounts and the consolidated accounts of the group to which the applicant belongs, if applicable, for the past three
- a brief description of the industrial and economic rationale for the investment: and an explanation of the way in which the
- acquisition would be financed. Applications may be made by fax but should be followed by a postal or hand

BCC will consider applications to prequalify on the basis of the information requested above and any other factors considered appropriate and reserves the right not to pre-qualify any prospective purchaser. Applications to pre-qualify should be made only by parties which are incorporated as limited companies.

Those who respond to the invitation to pre-qualify will be provided with a confidentiality agreement which should be validly signed by the applicant and returned to BCC at the address stated below to arrive no later than 5.00pm on Wednesday 18 May 1994, Applicants who ore-qualify will shortly thereafter be provided with an information memorandum Issued by Samuel Montagu & Co Limited which will include information on Compower and on the process of sale and timetable.

Outsourcing of Information technology services

BCC is also seeking to outsource its In-house information technology services to an experienced supplier of computer related services. The outsourcing arrangements are to support both pre-and postprivatisation businesses

in this connection, BCC has issued notices to a significant number of experienced outsourcing companies inviting interest in tendering for the provision of information technology services. Any other parties who wish to receive a copy of this notice should contact BCC at the address

Potential purchasers of Compower and/or potential providers of information technology services to BCC will be invited to offer to purchase the site at Cannock where both Compower is located and from where information technology services are provided to BCC.

Any such parties wishing to receive further information on this site should contact BCC at the address stated below.

BCC's preferred option is to sell

Compower and the site at Cannock to the organisation which will provide the outsourced information technology service. BCC will, however, consider outsourcing its Information technology requirements and selling Compower and the site at Cannock to different parties.

Neither this invitation, nor the receipt of any offers by BCC will create, with respect to BCC, any obligations or commitment to sell to any bidder and, with respect to any bidder, any rights to demand any performance whatsoever by BCC. BCC reserves the right to withdraw from negotiations with interested parties without assigning any reason or providing any compensation for fees or expenses incurred. Brokers or agents of any kind must disclose the identity of the company they represent.

This advertisement and the sale process are subject to English law.

This advertisement, for which BCC is responsible, has been approved by Samuel Montagu & Co. Limited, a member of The Securities and Futures Authority. for the purposes of Section 57 of the Financial Services Act 1986. Samuel Montagu & Co. Limited is acting for BCC in relation to the publication of this advertisement and is not acting for any other persons and will not be responsible to such persons for providing protections afforded to customers of Samuel Montagu & Co. Limited or advising them as to any matter referred to herein.

Address for receipt of applications Applications should be addressed to Mr TJ Griffiths, Head of Purchasing and Contracts, British Coal Corporation, Supply and Contracts Department, Fence. Woodhouse Mill, Sheffield Road, Sheffield \$13 9ZA; telephone; (0742) 54 11 00; facsimile: (0742) 54 12 76.



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LEGAL NOTICES

MUTUAL BENEFIT OVERSEAS, INC.,

Debter.

NOTICE OF (A) ORDER CONFIRMING PLAN OF REORGANIZATION,
(B) DISCHARGE OF DEBTOR, (C) CONSUMMATION OF THE PLAN,
AND (D) PROCEDURES FOR SUBMISSION OF OLD BONDS FOR
OBTAINING DISTRIBUTIONS UNDER THE PLAN
TO ALL CREDITORS, BONDBOLDERS AND OTHER PARTIES IN INTEREST:
NOTICE IS HERREBY GIVEN that, on April 14, 1994 (the "Confirmation Date"), the
Bankruptcy Court for the District of New Jersey entered an order (the "Confirmation Oute") confirming the Second Amended Joint Plan of Reorganization Proposed By Mutual Benefit confirming the Second Amended Joins Plan of Reorganization Proposed By Mutual Benefit Oversex, Inc. and the Official Creditors' Committee, dated March 13, 1994 (the "Plan"). PLEASE TAKE FURTHER NOTICE that, pursuant to the Confirmation Order and sections 141(b)(1) and 234 of title 11, United States Code, the confirmation of the Plan by the Confirmation Order resulted in the discharge of Mutual Benefit Overseas, Inc. (the "Debot") from all debts that are see before the date of such confirmation. Accordingly, the commencement or continuation of any action, the employment of process, or any other act to collect, recover, or offset any debt of either the Debtor, as a liability of the Debtor, or the reorganized Debtor or from or against any property of the Debtor or the reorganized Debtor, other than the filing and processition of a proof of claim or request for administrative expesse payment to participate in the distribution provided for under the Plan, is encoded. Whether or not a proof of claim was filled or deemed filed, whether or not such claim vas filled or deemed filled, whether or not to the right to payment was reduced to indement. Beguldated, uniqued the Plan, and whether or not the right to payment was reduced to indement. Beguldated, uniqued the Plan, and whether or not the right to payment was reduced to indement. Beguldated, uniqued the Plan as ASE TARE FURTHER NOTICE that, on April 27, 1994 (the "Effective Date"), the Plan was substantially consummated.

PLEASE TAKE FURTHER NOTICE that, on April 27, 1994 (the "Effective Date"), the Plan was substantially consumenated.

PLEASE TAKE FURTHER NOTICE that, pursues to the Confirmation Order, holdered bonds (inclining 9-1985 Sinking Found Bonds due February 1, 1996; 9-5985 Sinking Found Bonds due February 1, 1996; and Zero Coupon Bonds due February 1, 2006, (the "Bonds" and "Bondholders" respectively)) will be required to selvant their Bonds to Marine Middend Bank (the "Distribution Agent") with a dely executed and completed letter of transmitted II transmitted Letters which is available from the Distribution Agent, in order to receive their distributions under the Plan.

FLEASE TAKE FURTHER NOTICE that the Distribution Agent will distribute Transmitted Letters us registered holders of Bonds. All Bondholders who hold their Bonds in bearer form or any other party is interest who wishes to receive a Transmitted Letter must report stone from the Distribution Agent by contacting Vivian Georges, by telephone at (212) 658-6515, or facsituile at (212) 658-6515, are restrible at Call Letter Miller Confirmation Order, as of the Effective Date, the reorganized Debtor will be known as MBO Properties, Inc.

FERBARY DEL PRO DOLAN.

FER GONSHALE MANNERS

CHIBMY, DEL DRO, DOLAN, GRIFFINGER & VECCHIONE Counsel for Official Counsel for Official Professional Corporation One Riverfront Plaza Nemeric New Years, 07102-84

WEIL, GOTSHAL & MANGES Special Counsel for Debtor, Debtor-in-Possession and the Official Creditors' Coun-767 Fifth Avenue

SHANLEY & FISHER, P.C. Counsel for Debtor and Debtor-in-Possession

NOTICE

Babets Limited (Formerly Carroll Radford Holder Limited) (Registered Number 506178)

On 13 March 1991, the Society of Lloyd's crystallised its charge over the Insurance Transaction Assets of Babets Limited and L Raymond Thomas Turner FCA, a Licensed Insolvency Practitioner and Partner in Neville Russell, was appointed by the Society of Lloyd's as Receiver of these Assets.

Any party who considers that it is owed insurance monies by Babets Limited, who has not already notified me, is required to notify me with details on or before Friday 27 May 1994. Failure to make such notification may result in exclusion from any distribution to insurance creditors.

> Please write to: Raymond T. Turner FCA NEVILLE RUSSELL

246 Bishopsgate, London EC2M 4PB

If you have any queries please contact Mr S Dolphin Tel: 0245 287162 or Fax: 0245 344387 Noville Reseal is a member of Nexts International, a wyddwide actwork of independent accounting firms

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SUPERIOR COURT OF NEW JERSEY CHANCERY DIVISION, MERCER **COUNTY GENERAL EQUITY PART** DOCKET NO. C-91-00109

IN THE MATTER OF THE REHABILITATION OF MUTUAL BENEFIT LIFE INSURANCE COMPANY

a Mutual Insurance Company

New Jersey.

Civil Action ORDER TO SHOW CAUSE WHY AN ORDER SHOULD NOT BE ENTERED **AUTHORIZING AND** APPROVING **PROPOSED** TRANSACTIONS IN CONNECTION WITH A SALE OF COMMON STOCK OF ERNST HOME CENTER, INC.

THIS MATTER having come before the Court upon the application of Andrew J. Karpinski, New Jersey Commissioner of Insurance and Rehabilitator of Mutal Benefit Life Insurance Company (the "Rehabilitator"), through his attorneys Deborah T. Portiz, Attorney General of New Jersey, (by Sharon M. Hallanan, DAG) and Special Counsel to the Rehabilitator, Cole, Schotz, Meisel, Forman & Leonard, P.A. and Cadwalader, Wickersham & Taft for entry of an Order to Show Cause Why An Order Should Not Be Entered Authorizing and Approving Proposed Transactions In Connection With A Sale of Common Stock of Ernst Home Center, Inc.; and the Rehabilitator having requested a hearing date for approval of the transactions and related relief; and the Court having read and considered the annexed Certification of Peter A. Martosella, Jr. dated April 29, 1994; and it appearing that it is in the best interest of MBL's estate to schedule a hearing date on the application: and the Court finding that entry of the Order to Show Cause is warranted, and for good cause

It is on this 2nd day of May, 1994, ORDERED AS FOLLOWS:

(1) All parties on the annexed Schedule A and any other parties in interest wherever located shall show cause before the Honorable Philip S. Carchman, P.J. Ch., Superior Court of New Jersey, Chancery Division-Mercer County, 210 South Broad Street, 5th Floor, Trenton, New Jersey 08625 on May 24, 1994 at 1.30 pm in the forenoon or as soon thereafter as counsel may be heard why an Order should not be entered:

(a) approving the initial public offering of newly issued common stock of Ernst Home Center, Inc. and other transactions contemplated thereby:

(b) authorizing such other and further relief as the Court may deem necessary and proper.

(2) Any person or entity seeking to respond to this Order to Show Cause by filing answering certifications or affidavits and briefs with this Court shall do so no later than May 16, 1994. Such answering papers shall be filed directly with the Honorable Philip S. Carchman, P.J. CN., Superior Court - Mercer County, 210 South Broad Street, 5th Floor, CN 977, Trenton, New Jersey 08625, accompanied by a filing fee to the Clerk of the Superior Court in the amount of \$80. Any person may file a verified application to the Court pursuant to R-1:13-2 to seek a waiver of the court filing fee by reason of poverty. Responding papers on behalf of any corporation should be filed by a New Jersey attorney, but motions for appearances pro hac vice may be entertained under R. 1:21-2;

(3) All answering papers filed pursuant to paragraph (2) above shall be simultaneously served upon counsel for the Rehabilitator by delivering one set of papers to Sharon M. Hallanan, Richard J Hughes Justice Complex, CN 117, Trenton, New Jersey 08625, one set of papers to Gregory M. Petrick, Esq., Cadwalader, Wickersham & Taft, 100 Maiden Lane, New York, New York 10038 and one set of papers to Gerald H. Gline, Cole, Schotz, Meisel, Forman & Leonard, P.A, 25 Main Street, Hackensack, New Jersey 07601. Any person seeking access to responses made by others should contact Francis Pisano, Legal Assistant, at (201) 489-3000, who will make the papers filed available for inspection at Cole, Schotz's offices:

(4) The Rehabilitator shall reply to the answering papers received by him no later than May 20th, 1994, and shall serve that reply upon all counsel or persons who responded pursuant to paragraph (2);

(5) On or before May 6, 1994, the Rehabilitator shall serve a copy of this Order together with the supporting Affidavit, by first class mail to all parties listed on Schedule A, and shall publish a copy of the Order to Show Cause in The Wall Street Journal, The New York Times. Newark Star Ledger, The Conrier Post. The Times of Trenton, and Financial Times. such publication to be arranged by Special Counsel to the Rehabilitator;

(6) Any person failing to raise timely objections to this Order to Show Cause shall be forever barred from raising such objections and that in the absence of such objections, the Court may grant the relief requested without further notice or hearing.

Philip S. Carchman, P.J. Ch.

delivered application.

PUBLIC NOTICES

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SUBSECTION 19(7) OF THE

Licences to run telecommunication systems under section 7 of the Telecommunical Sprint Holding (UK) Limited, WORLDCOM INTERNATIONAL, INC and NORWEB plc. 1. The Secretary of State hereby gives notice:

(a) that he has duly reconsidered the proposals in respect of which he published notices on 20 August and 5 November 1993 under subsections 8(5) and 10(6) of the Telecommunications Act 1984 ("the Act") regarding his intention to grant licences under the Act to Sprint Holding (UK) Limited ("Sprint") and WORLDCOM INTERNATIONAL, INC ("WorldCom") and NORWEB pic ("Norweb") to run telecommunication systems throughout the United Kingdom;

(b) that he has granted such licences ("the Licences") to Sprint, WorldCom and Norweb (together

referred to as "the Licensees"), being licences which include conditions such that section 8 of the Act applies to them, thereby making the Licensees eligible to have the telecommunications code contained in Schedule 2 to the Act applied to them under section 10 of the Act; (c) that he has applied the telecommunications code ("the Code") to Sprint and Norweb throughout the United Kingdom and to WorldCom in London and its vicinity (the area marked on the map

cheed as an Annex to WorldCom's Licence). The application of the Code to the Licensees is certain conditions and exceptions. The effect of these exceptions and conditions is that the i. to comply with various safety and environmental conditions, in particular (with certain

exceptions) to install lines underground or only on such above-ground apparatus as is already installed for any purpose; ii. to comply with conditions designed to ensure efficiency and economy on the part of the Ucensees, in connection with the execution of works on land concerning the installation, maintenance, repair or alteration of their apparatus;

Ill. to consult certain public bodies before exercising particular powers under the Code, including the local planning and highway authorities and, where appropriate, English Nature, Scottish Natural Heritage, the Countryside Council for Wales, the National Trust and the National Trust for Scotland, as well as relevant electricity suppliers;

iv. to keep and make available records of the location of underground apparatus and copies of the exceptions and conditions in the Licences to the powers under the Code; and v. to ensure that sufficient funds are available to meet certain liabilities arising from the execution of street works.

iccretary of State has applied the Code to the Licensees:

(a) because the Licensees will need the statutory powers in the Code to install and maintain the telecommunication systems which are to be installed and run under the Licences; (b) subject to the exceptions and conditions referred to above because they are considered requisite or expedient for the purpose of securing that the physical environment is protected, that there is no greater damage to land than necessary, that the systems are installed as safely and economically as istble, and that the Licensees can meet (and relevant persons can enforce) liabilities arising from

3. The Secretary of State has granted the Licences because he considers that they will help to satisfy d in the United Kingdom for the provision of services of the type authorised, will promote the interests of consumers in respect of the quality and variety of such services, and will maintain and promote effective

competition between those engaged in the provision of telecommunication services.

4. The Licences have been granted for a period of 25 years in the first instance and are subject to revocation nstances specified in the Licences. by the Secretary of State on 30 days' notice in the circu 5. Copies of the Licences may be obtained from the Office of Telecommunications (Library), 50 Ludgate Hill, London EC4M 7,U, price \$12.00 (price \$10.00 for WorldCom's Licence), postage and packing free.

Miss J M Knight, Department of Trade and Industry 6 May 1994

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Fritz, Chess Genius or Kasua-

rov's Gambit are better than

almost everyone in the world,

even in standard tournament

play where players get two or

more hours for the first 40

moves. The 6m or so club play-

ers worldwide have Elo ratings

between 1,200 and 1,900; mas-

ters, from 1,700 to 2,000; the

1,340 international masters.

from 2,200 to 2,450. The 465

grandmasters rank from 2.400

chess rating - awarded to play-

As a computer prepares to play the world's top chess players, Charles Arthur assesses its chances

Checkmate by silicon chip

n May 20, a rather unusual chess player will line up in a hall in Munich alongside professionals such as Garry Kasparov and Nigel Short. Beside five more of the world's top chess players and eight human qualifiers will be a computer.

"It won't win, but it won't come last either." says Fred Friedel about the Fritz3 che program developed by his Munich-based company, Chessbase. As the third generation of an already successful program, it is now being adapted to run on a personal computer using an Intel Pentium chip running at 100MHz - a con tender for the most powerful available PC.

Its presence is partly explained by the fact that Intel, as a sponsor of the Professional Chess Association – the breakaway group formed last year to which Kasparov, Short and a number of other professionals now belong - is keen to show off its processor running the software. But Fritz3 is also there on merit: in "blitz" chess, where each player has 25 minutes to play all his moves, its ranking puts it easily among the world's top 20 players.

The increasing power of computers means it might not be long before the world chamvion in some of the west's bestknown games, such as chess and draughts, is made of silicon rather than flesh and blood. "All the programs are better than 99.99 per cent of chess players," says Malcolm Pein, publisher of Chess magazine and a grandmaster. "They're just having trouble with the last 0.01 per cent. There's about 1,000 of us out



Changes across the board: chess champions such as Garry Kasparov (left) and Nigel Short will increasingly be chall

there who are better than

Computers are already central to chess professionals' lives: they are used to study openings, to record games, to confirm analysis of complex positions and to provide a huge, cross-referenced database of past games as a clue to opponents' strategles. And the sponsorship of Intel of the US. the world's leading computer chin maker, is recognition that after a couple of thousand years chess has become big business. This fact was driven home by last year's live TV coverage in the UK of the PCA's world championship.

"According to the research, 60 per cent of all adults watched at least one of the programmes." says Andrew Finan of the sponsorship company Sports Bureau International. That blew away all the thinkket." The more detailed profile found that most watchers were

ABC1 males (demographics for 'well-off middle-class") and aged between 16 and 44. "It is an advertiser's dream market." says Finan. "And it's also Intel's core market." As the biggest chip maker in the world. Intel is now spending more than \$1m (£600,000) over each of the next five years to

the game. Sales of chess programs are worth millions each year; every games software house knows that having one in the catalogue is a necessity. The market splits quite equally between players aged from 40 upwards, and those aged about

Chess programs have actually been around longer than computers. The first was written in the 1940s by the mathematical genius Alan Turing, who helped crack the German Enigma code. He realised that deciding between moves could be reduced to a formal process:

by trying each move, and each combination of moves following that, and then evaluating the position after those moves (by allotting some numerical value to each - say, +1 point for capturing a pawn, +5 for capturing a rook, +1,000 for checkmate), you could choose between them. Assign the correct values, and you would have an unbeatable program.

Turing's first efforts were laboriously manual, using pencil and paper. But when the first comput were developed, some of the first non-serious applications were chess programs. In the 1970s, a master player, David Levy, set a series of challenge bets that he could beat the best machine versions. He won. before retiring in 1983.

The programs' weakness remains their strictly mathematical approach, say those intuition, and the knowledge

above 2,800, is officially the best player ever. Fritz2 is ranked at about Elo 2,300, and Pein expects to see a program ranked Elo 2,500 soon. For would-be writers of chess

programs, there are four attractive factors, says Friedel: "It's competitive – you can evaluate claims of whose program is better simply by playing them against each other, which you can't with, say, word processing programs. And there's a lot of literature to guide you; chess openings and endgames have been studied for centuries. It's commercially viable: you can sell what you make. And it's a hard problem to solve – but not too hard. I wouldn't touch go, for Go, an eastern game

thousands of positions," says invented 4,000 years ago, making it about twice as old as chess, is played on a 19 by 19 give up material for a posigrid, on which the players tional advantage. And when the position is closed, with litalternately place black and white counters (called stones) to try to surround empty terriare better at manoeuvring so that when it does open up, tory. It has only nine rules, fewer than chess, but that very simplicity, coupled with the though. By the official Elo size of the board, means that at every stage there can be a couers on their record, such as the ple of hundred different moves quality of the players they beat to choose from.

in draughts the problem is simpler, since only half as many squares are used. In 1992, a program called Chinook officially the world's second-best player - challenged Marion Tinsley, the world champion since 1954. After 39 games, Tinsley won 4-2. But Chinook's developer is now working on an even better ver

"It's analysing from the end-game backwards, and from the opening forwards." says Friedel, who keeps in touch with such developments. "It's about six moves away from linking up the two ends. And then that will be that. It will be like playing God. You may draw, but you will never win." The program will simply never let itself be drawn into a losing thread of play; it will, in effect, have a map of the entire game. When Tinsley makes the tiniest error he will lose his title. Could the same ever happen

to chess? Kasparov is as dismissive of computers as he is of many of his human rivals. In October 1989, he played and twice defeated Deep Thought, a customised IBM workstation running a chess program: it was the first computer to Asked what improvements they should make, its programmers were told: "Teach it to resign earlier."

Undaunted, the team is developing the successor, Deep Blue, which will contain Deep Thought shrunk on to a single

chip. So is Kasparov's crown really at risk from a machine? "Probably not," says Friedel. This is the fascination for me."

Worth Watching



On the air, digitally speaking

A programme on working at home ought to be made at home, writes Claire Goodina.

So reasoned Peter Day. enter of BBC Radio Four's In Business, and his editor Stephen Chilcott. A trailbreaking UK programme, to be broadcast on Sunday, has been put together at Day's home in north London, wired by BT with a high-quality ISDN line for voice and computer data. Intel installed an Apricot Zen-PCm multimedia vorkstation with intel ProShare videoconferencing

Day's interview with Intel ead Andrew Grove (in Seattle) was carried out via the Video System 2000 from Intel, with a screen-mounted camera, allowing users to see each other on the PC creen. Chilcott edited with a British product, the Sadie real-time audio-disk editor. which reproduces a mixing-desk on screen, replacing tape recorders with

a PC and mouse. Sadie sells professional digital editing solutions in competition with US and Japanese vendors. Sadie broadcasters can work at home – or at a desk anywhere – without compromising sound quality. producing full 24-bit digital audio away from a studio. Intel: UK, 0793 696000. BT ISDN Helpline: UK, 0800 181

Putting clamps on the copycats

514. Sadie: UK, 0353 648888.

A Danish inventor has developed a system to provide a foolproof safeguard against the copying of software programs and the development of computer viruses. It will also supervise networks and prevent accidental, as well as deliberate, copying. writes Hilary Barnes.

Hans Jessen says his discovery will mean that copying will become will be able to prove in court that software has been tampered with. "My invention will give the software producer effective protection technically and

legally of the copyright."
The Danish Innovation Centre, part of the Danish Technological Institute, is ssisting Je en to find

Danish Innovation: Denmark. 43 504570.

Machine tools measure up

A control system taking into account factors influencing machine tool performance to achieve optimum cutting conditions has been developed by Omat of Jerusalem, Anna Kochan reports.

Tests with prototypes show savings of up to 40 per cent can be achieved on machining times and costs, with tool breakage almost eliminated. Designed to work with any type of numerical controller, the Opti-Mil system for milling applications includes software that determines the best cutting conditions from data about the machine, its operational cost, the cutting tool and its material cost. tool changeover time and

machine tool depreciation Sensors measure the load on the tool and modify the speed and rate of work. Omat will develop systems for turning and drilling, as well as for wood and plastics. Omat: Israel, 9722 438111.

Faxes on the move

Busy people computing on the move can now send the results by fax. Psion of the UK has launched 3Fax to plug into its Series 3a pocket computer. It says the device - <u>half</u> the size of the 3a palmtop - gives access to E-mail and on-line services as well as sending faxes with

logos and signatures. Paxes can be created in advance and sent, quened or deferred for sending at different times when the use reaches a socket. "There's no difficult software to get your head around," says

Psion director Peter Norman. The 3Fax can pull information from the database for faxing and sent to any number in the computerised address list. Price £199.95 Psion: UK, 071 262 5580.

The political stock market

You can trade in most things, but few would think of election candidates. York University, however, plans to use the trading instinct to attempt accurate predictions of UK elections.

It is buving co equipment for a pilot study of the "political stock market" method successfully pioneered by the University of Iowa in the US. Participants buy shares in candidates; these are traded on the computerised market, the prices indicating the vote's optcome

York University: UK. 0904



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Stemay Willer

he RSC is now giving John Barton's production of Peer Gynt, in Stratford's intimate moasure up Swan Theatre, only two months after it co-presented Yukio A transition of a control of the P. Recognition of the Control of Ninagawa's touring production in the great big Barbican auditorium. Ninagawa's involved a vast metal for an array of the state of th box set, painted two-dimensional scenery, and film projections; Bar-Variation of the berg ton's has no real scenery at all, just tent e jahr is in eggint in props. Each catches different facets der tree in the second of Ibsen's vision. Watching Barton's (which he first created for Oslo's True with prompty National Theatre), I sometimes Sale in a line in the first missed the colour, energy, and epic con by the second sprawl of Ninagawa's version, and Minches and order its tremendous central performance by young Michael Sheen. But Nina-gawa kept gilding Ibsen's onion with fancy layers of his own. Ministration of the state of the control of the con

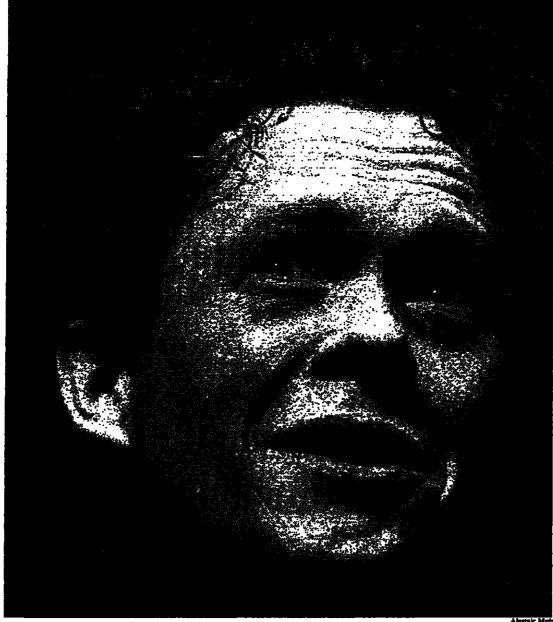
ersteit-rife the time for a second of the first for a second for a sec reveals its layers to us. A certain amount of editorial rearrangement is involved. Barton (adapting C.Fry's version, with lyrics by Adrian Mitchell) has homed in on the beautiful choral lines near the end ("We are thoughts. You forma e tratation e topique in tipe (at any and a the tree time and a major of Chair carry to the carry was adds a prologue or rear a successive fill of the carry was "We are the thoughts you must think...", and an epilogue (Peer: "I eral characters are windly are here cut. The Nordic farmfolk are here Irish (as in Ninagawa's); and some of the minor trolls are Scots. Ibsen's large dramatis personae

whereas Barton simply peels it and

are enacted by just 11 actors (plus four musicians). The most important stroke lies in casting the same actress - the fine Havdn Gwynne as both Peer's mother Aase and as the mean and water his wife Solveig. Though Gwynne results to the Polaring distinguishes between the wary old Aase and the trusting young Sol-veig, she reveals how like they are very some revenue and and and the response in their love for Peer, bow Asse's mother-love is in fact the preparation for Solveig's wife-love. Ibsen was often ahead of Freud.

The casting of Alfred Burke as both Solveig's father and the Button-Moulder pays equal dividends. The two roles, often unalike, here find many connections, especially since Barton has also found a heretofore unstaged scene in Ibsen's manuscript for Solveig, her father, Year Server of the Sur-Prior Server of the New and Peer.

A role like Peer is just what the marvellously assured and amiable Alex Jennings needed to lever himself out of the rut of harshly debonair young toffs he keeps playing. Alas, he falls right back into it in Act Four, where he hardly hints at the young peasant beneath the sophisticated veneer Peer dons as Sir Peer, then Emperor of Bedlam. Yet in the first three acts he is splendid at Peer's blarney; his voice is softer here, and his face, with its little Petrushka nose and its gaping



Spiritual journey: Alex Jennings as Peer Gynt in John Barton's new production at the RSC Theatre/Alastair Macaulay

Peer's inner quest

doubt, and he makes it increasingly clear that the play is his spiritual journey. There are, admittedly, several more layers of the onion for him to reveal. In Act Five he ages less than any Peer I have ever seen, and yet does little to hint at the peasant he was once; he even drops almost any hint of the Irish accent he mastered so well for the youthful scenes. Nor does he always persuade us that young Peer believes mouth, looks like a pumpkin.

Jennings's authority is never in telling. But this is the most tender

and the most imaginative perforalways become restless myself durmance Jennings has given us. ing Act Four. But what makes Bar-The centre of the play is clearly ton's account of Peer Gynt so its poetic visions. Peer's restless refreshing is its economy. Simple journeying reminds you of many magic is achieved through little others. It brings to mind not only umpteen folk tales, but also the showers of snow, sand, soap-bub-bles, or stardust. Peer may journey quests of Hamlet, Faust, Candide, as well as the Rake's progress. And I had never realised before how through the whole world, and yet it is as if he is just a boy losing himself in a toy theatre. And it is at Peer's castles in the air pave the way for Ibsen's later Master home that he must find himself.

In repertory at the Swan, Stratis too vast for perfect comfort; I ford-upon-Avon

Love's Labour's Lost

s a director lan Judge is good with lost boys. I remember a haunting Peter A Pan at the Shaw Festival in Canada, where the twilit gleam of Kensington loomed dream-like through the excitement of Never Land, and the everyday reality of the nursery was glimpsed in forest and pirate lair.

His undated Love's Labour's Lost for the RSC, first seen at Stratford in October, has arrived at the Barbican and, placing the action in another Never Never Land. hints that these golden lads too belong to a doomed generation.

The setting is late Edwardian Oxbridge. Distant spires dream; in a neighbouring quad Lord Fancourt Babberley is almost certainly impersonating his chum Charley's aunt from Brazil. More immediately the King of Navarre and his earnest fellow-students (as it were a Rupert Brooke reading party) make their rash vow to forswear such mundane pleasures as female company. The breaking of that vow and the

the play more seriously than usual. If the dramatic pulse seems initially sluggish, the idyllic mood is cumulative, and Judge brilliantly makes sense of that awkward conclusion when the happy ending is postponed after death has suddenly cast its shadow over the high spirits.

John Gunter's sets give us highvictorious cars and college photo-graphs. The page-boy Moth (Chris-topher Luscombe) is here a choral scholar, his master, Don Armado, would today be a TV pundit. A whiskery Daniel Massey blends Bernard Shaw with Lytton Strachey and makes a good case for Shakespeare's atrociously facetious wordplay being the forerunner of Oxford linguistic philosophy.

Berowne, part cynic, part romantic, is the most interesting of the men. If Jeremy Northam lacks the dazzling ebuilience with which Roger Rees skimmed the language on this stage some years ago, he has

blossoming of love are depicted the intensity the production gravely, in a production that takes requires, a fit mate for Abigail McKern's pointed Rosaline. Unexaggerated comedy marks the amateur theatricals. The women have the grace not to join in the men's sneers; but start the laughter at one of the play's most touching moments, when haughty Don Armado confesses he has no shirt.

Builder. Peer Gynt, even when cut,

Above all, the production triumphs in avoiding familiar traps: mummerset rustics (Costard is a smart young butcher's lad; Jaque-netta does a final number in exotic plumes), and it speeds through the flowery verbosity inspired by the fashionable euphuisms. The wistful palm-court gaiety of Nigel Hess's score is countered by hints of future shock with mock-Muscovite masquers who look like Rasputin. The spires finally disappear from a bleak horizon that we know con-tains Paschendael and the Somme; and afternoons will never be so

Martin Hoyle

An exciting new season for Covent Garden

Nicholas Payne, director of the Royal Opera, has put together an intriguing 1994-95 season at Covent Garden. Richard Eyre, of the National Theatre, directs his first opera, La traviata; Jonathan Miller returns to work in the UK with his first Covent Garden production, Cosi fan tutte; while Gilbert & Sullivan also make their House debut in the new WNO production of The

Yeomen of the Guard. There is also the first new British Ring of the 1990s, starting on October 13 with Das Rheingold, with Richard Jones handling the staging; the first Covent Garden production since 1930 of Gounod's Roméo et Juliette; and the first ever performance at Covent Garden of Purcell's King Arthur.

Throw in a Verdi season in the summer of 1995, with seven productions, (two in concert performance) and including the first Garden playing of *I due Foscari*, and you have an exciting programme. A.T. all the signs are that in 1995 its

Tunnel vision

Marina Benjamin looks at a photographic record of Britain's last days as an island

Then the Queen and President Mitterrand officially open the Channel Tunnel today, the ceremony will also mark the culmination of an ambitious photographic project recording the end of Britain's days as an island.

The Cross Channel Photographic Mission, sponsored by South East Arts, is a rich, diverse, and bitter-sweet essay on Britishness drawn from the sum of its parts, its history, street-culture, landscapes, tra-ditions, and self-delusions. Work by a dozen photographers provides a portrait of a nation in limbo, immobilised between the legacy of a heavily mythologised but fast-fad-ing imperial identity, and faced with the necessity of adapting to a new order. Hew Davies takes as his subject

the British neo-colonists who have forsaken Albion for the greener pas-tures of Nord Pas de Calais - rechristened "south Kent". Davies presents them not as Utopian dreamers chasing a Rousseauesque back-to-nature ideal, but as hard-nosed London yuppies and misfits, who, having conquered the home counties territories, see France as the new frontier. Amidst anglicised pubs, houses and gardens, the emi-grants have set up a home from

The Royal Festival Hall is showing three Cross Channel commis-sions under the sub-heading Britannia. Karen Knorr's allegorical Europhiliac tableaux, featuring androgynous figures in wigs and frock-coats, draw inspiration from the Enlightenment. This was an age of cultural exchange, of curiosity and exploration, a time when no gentleman's education was complete without a European Grand Tour and when Samuel Johnson

pronounced patriotism to be the last refuge of the scoundrel. Driving the point home, Knorr has titled her images in English and French. Such bonhomie, however, was the

privilege of a small band of channelhopping intellectuals, who ignored the old enmities between the nations and prized liberty, equality and fraternity before these ideals were used to justify the guillotine. Leaving the tricky issue of Angle-French relations aside. Peter Kennard and Paul Trevor choose to

'Welcome to Britain' by Peter Kennard

focus instead on London. Kennard's wittily-titled and hard-hitting installation, "Welcome to Britain" depicts the bleak side of the metropolis encountered at Waterloo, our cross-Channel starting point.

Working in collaboration with the poet Peter Reading, Kennard has constructed an edifice of our time from gaudy souvenirs and scavenged urban flotsam, including wooden pallets and scraps of corrugated card - the bricks and mortar of the homeless. Photographic images of forlorn faces, hands and street-signs can be discerned through its dust coating. The hands are particularly evocative: such eloquent symbols of authorship and manufacture, they are here transformed into the scratching, grasping means of escape. What Kennard has effectively conjured up is the fright at the end of the

Paul Trevor's equally gritty work tells a tale of two cities in one. Taking in the square mile occupied by the capital's money market and the street market at Brick Lane, he plays with the notion of neighbours remaining worlds apart. Top cats and underdogs. By getting right up close yet remaining unobserved. Trevor has photographed the pass-ing faces of passing trade. In the City, there are clear complexions, confident jawlines, mobile phones cigars, pin-strips, handshakes and designer sunglasses, in Brick Lane there are wrinkles, pimples and tat-toos, second-hand clothes, cheap make-up, fag-ends and NHS specs. Life - delivered to us in its minutiae - is very different at the two poles of our market economy. And so, by implication, is the inner land-scape of the mind.

Where symbols of Empire are depicted at all, they are represented as obsolete relics, part of the furni-ture of nostalgia. Nonetheless many of the photographers seem prone to a spirit of regret, dwelling on what we stand to lose rather than what we might hope to gain: the "dustman of Europe" looms large while any vision of a potential nouveau Britain is sadly absent.

Karen Knorr, Paul Trevor and Peter Kennard at The Royal Festival Hall, until June 5, July 3 and from June 11 to July 10 respec-

Sponsorship/Antony Thorncroft

Banks head new spending

ne of the major players in the extraordinary growth of arts sponsor-ship over the past decade retired last week: Geoff Shingles, who proved that sponsoring the arts could be good for business when, as chief executive of Digital, he persuaded his board in 1985 to rescue Sadler's Wells with a £150,000

Shingles then put together Partsponsored at the time and Digital could make a big impact with relatively little money. In the last nine years Digital has pumped £5.5m into the arts and reckons it has proved an excellent investment, enabling the company to entertain its 5,000 key customers, and more importantly, potential customers.

- Shingles later backed the National Theatre and the Tate and has given computer systems to leadings arts companies, but in recent months Digital has been forced to cut its spending from £500,000 a year to nearer £350,000 and The Digital Dance Awards were axed. But in the autumn Digital will review its position and, if profits are up, will probably raise its budget.

Profits have already improved for many companies, especially banks, which means that the 13 per cent fall in sponsorship last year could

be quickly reversed. A few years ago NatWest was spending £1m a year, in 1993 it invested just £100,000, which basically went towards a prize aimed at

budget will have grown again. The likelihood is that NatWest will choose to stick with the visual arts. Next week the bank announces the winner of its 1994. Art Prize. The winner receives £5,000 but NatWest also buys some of the short listed entries to add to its collection of contemporary art.

Apart from the patronage (and investment) benefits from bolstering the visual arts it is a sponsorarea which suddenly looks sadly neglected. Two of the biggest sponsorships, the Barclay's Prize for graduates and BT's touring exhibition, New Contemporaries, are coming to an end.

In the next few months 50 or so managers of small businesses in Birmingham, Bristol and Cardiff will be invited to see a Welsh National Opera production. Putting them on the guest list will be KPMG, the management consultancy group, which is masterminding a networking service.

The idea is that the business will so enjoy themselves that they will form a local syndicate to provide funds, £1,000 each, or even less, to help finance the next WNO visit to their city, and in particular its

community work there. This grass roots form of sponsorship is one of many initiatives anticipated from "Go Opera", the new sponsorship package from KPMG. It is committing £550,000 over three years, distributed between WNO, Scottish Opera, Opera North and English National Opera. The money will back core activities, like new productions, starting with WNO's first ever Gil-

bert & Sullivan, The Yeoman of the Guard, this Christmas, and followed by Britten's A Midsummer Night's Dream at the ENO in 1995. But it will also attempt to widen access to

At the WNO this will consist of creating community operas, workshops, and subsidised tickets; at Opera North cut price tickets for first time opera goers, workshops, discounts for regular attenders, and a new production: family ticke Scottish Opera, plus a production: and help for the outreach Baylis programme through family days at

West Merchant, London based subsidiary of two German banks, is the latest financial institution to use the arts to drum up business. It is investing £100,000 a year to promote the arts of Latin America in the UK. West Merchant specialises in offering potential investors advice on Latin America and is also keen to work for rich South Americans living in Europe. Its first project is this month's Festival of Bahia in London. It has contributed £33,300 and as a first time sponsor has received a substantial Business Sponsorship Incentive Scheme back up award from the government.

The final concert, at the Albert Hall on June 1, features four top Bahian singers and a samba band and will be used to entertain clients who earlier attended a business seminar. Without the concert it is doubtful there would have been such a healthy response. In the autumn West Merchant promotes contemporary Argentinian art at the MoMA, Oxford.



Dreyfus Centenary

Exactly 100 years ago, Europe was swept by the Dreyfus affair. Altred Dreytus, a Jewish officer in the French army, was accused of spying for Germany, tried before a hastily convened military court and condemned to a lengthy prison sentence. Despite evidence proving his innocence, a retrial four years later failed to clear his name. Thanks to a campaign by his wife, friends and influential supporters, he was eventually released and rehabilitated.

The case divided France and unleashed a tide of anti-Semitism, racism and nationalism - some of which finds an uncomfortable echo in Europe today. The lessons of the Dreyfus affair are the subject of a series of centenary events, beginning this month in Berlin with a new opera written by Swiss composer Jost Meier to a libretto by British entrepreneur The opera is the result of

several years of research by Whyte, who has inspired two other works on the Drevius affair. They are a ballet with music by Alfred Schnittke and choreography by Valery Panov, to be premiered in Bonn in September, and a musical satire using songs of the period and texts by Emile Zola, who

championed Dreyfus' cause. The songs have been orchestrated by Luciano Berio and will be premiered by Ute Lemper in August. The three works will be performed in Basie in October. The new opera, Dreyfus - The

Affair, will receive its world premiere on Sunday at Berlin's Deutsche Oper, with a cast headed by Paul Frey. An exhibition of material related to the Dreyfus affair, including portraits, cartoons and caricatures of the period, can be seen in the theatre foyer, before it tours to other centres.

EXHIBITIONS GUIDE AMSTERDAM Rijksmuseum Flowers and Plants:

a varied survey of representations of flora and fauna in five centuries of prints and drawings, including the superb 17th century Tulip Book by Jacob Marrel and a selection of Japanese woodcuts. Ends July 31. Closed Mon

Van Gogh Museum Pierre Puvis de Chavannes: 150 portraits, still lifes, genre pieces and sketches by the 19th century artist whose murais grace many public buildings in France. Ends May 29. Daily Stedelfik Museum Joan Jonas. Grand Old Lady of Performance:

photographs, video tapes, pictures, films and objects. Ends July 17. Photographs by choreographer Hans van Manen. Ends July 17. Daily BARCELONA

Museu Picaseo The Russian Avant-Garde 1905-25. Ends June 26. Closed Mon (Carrer Montcada BERLIN

Museum für Indische Kunst Lost Empire of the Silk Road: a remarkable collection of 87 well-preserved pieces of Buddhist art from the 10th to 13th centuries, buried at Khara Khoto under the sands of the Gobi Desert until they were discovered during archaeological research in 1908. Ends July 3. Closed Mon CHICAGO

Art Institute John James Audubon: 90 large-scale watercolours which the American naturalist artist used as the basis for his Birds of America print series. Ends July EDINBÚRGH

National Gallery of Scotland Raphael: The Pursuit of Perfection. The exhibition examines the creative process of one of the great masters of the Italian Renaissance, and is built around three masterpieces and surviving preparatory drawings. Ends July Scottish National Gallery of

Modern Art Medardo Rosso (1858-1928): around 50 sculptures by the Italian who became famous as a master of Impressionism in sculpture. Ends June 26. Daily FRANKFURT Deutsches Architekturmuseum Modern Architecture in Germany

1900-1950: Expressionism and the Neue Sachlichkeit. The exhibition, the second of three tracing developments in 20th century German architecture, focuses on the avant-garde architectural utopias of the interwar years. Ends July 3. Closed Mon GLASGOW **Hunterian Art Gallery Duncan** Shanks (b1937): retrospective of one of the outstanding landscape

painters working in Britain today. Ends June 25. Closed Sun i Fipzig Museum der bildenden Künste Julius Schnorr von Carolsfeld: retrospective of the early 19th century German painter and

Illustrator who joined the Nazarener in their decoration of the Casa Massimo in Rome. Ends May 23. Closed Mon LONDON Royal Academy of Arts Goya:

100 small-scale paintings covering his entire career. Ends June 12. Daily (advance booking 071-396 Hayward Gallery Salvador Dali:

The Early Years. Ends May 30. Daily (advance booking 071-928 Victoria and Albert Museum A new Glass Gallery has opened to display more than 6000 objects,

illustrating the history and development of glass during the

past four millenia. Daily Centro de Arte Reina Sofia Lucien Freud: a collection of paintings, drawings and etchings celebrating the recent achievements of Britain's greatest living realist painter. Also Joseph Beuys (1921-86): 10 Installations, 25 sculptures and

456 drawings by the controversial German artist. Ends June 6. Closed

Fundacion Juan March isamu Noguchi (1904-88): 58 outdoor sculptures expressing the oriental and western cultural traditions Inherited by Noguchi, an American artist of Japanese origin. Ends June MANTUA

Palazzo Te Aksel Waldemar Johannessen (1880-1922): the distinguished disciple of Munch was forgotten until recently. This is only the second exhibition of his works, and the first outside Scandinavia. Ends June 19. Closed MARTIGNY

Fondation Pierre Gianadda Auguste Rodin: 90 drawings and watercolours and 10 sculptures. Ends June 12. Daily Akademie der schönen Künste

The Russian Stage 1900-30: 190 treasures from the Bachrushin Museum in Moscow, comprising theatre designs, figurines and models by Malevich, Lissitsky and others, dating from a time of extraordinary creativity in Russian art. Ends June 26. Closed Mon Lenbachhaus Between the Brücke and the Blaue Reiter: Expressionist paintings from the Ahler Collection. Ends May 23. Closed Mon NEW YORK

iseum of Modern Art Frank Lloyd Wright: architectural fragments, full-scale constructions, scale models and 350 original drawings. Ends May 10. Feininger, Kandinsky and Klee: 75 prints and illustrated books produced by three of the Bauhaus artists. Ends May

Metropolitan Museum of Art The Decorative Arts of Frank Lloyd Wright. Ends Sep 4. Petrus Christus: 22 paintings by the 15th century Netherlandish master. Ends July 31. Sidney Nolan's Ned Kelly

Paintings. Ends July 17. Closed

17, Closed Wed

Guggenheim Museum Frank Lloyd Wright's Designs for the Guggenheim Museum. Ends May 20. The main museum is closed on Thurs, the SoHo site on Tues PARIS Grand Palais The Origins of

Impressionism 1859-69. Ends Aug

8. The Sun and the Northern Star

paintings, porcelain, furniture and silverware imported by Gustav III of Sweden in an attempt to emulate the splendour of Versailles. Ends June 13. Closed Tues Musée d'Art Moderne de la Ville de Paris From Van Gogh to Modrian. Ends July 17. Closed Mon (11 ave du President Wilson) Mona Bismarck Foundation Early Italian Peoples: pottery, jewellery, bronze statuettes and arms 3000-300BC, Ends May 17, Closed

Petit Palais Art of the Tainos Sculptors: 85 pre-Columbian masterworks in stone or wood. Ends May 29. Closed Mon

Sun and Mon (34 quai de New

Villa Farnesina The Chinea and 18th century Architectural Firework Machines: drawings and engravings depicting the annual ceremony in Rome when the Neapolitan ambassador offered a tribute to the Pope in return for the sovereignty of the Kingdom of the

accompanied by a white horse, known as the Chinea. Ends May 31. Closed Sun Kunstforum From Chagall to

Picasso, Masterworks from the Guggenheim Museum, Ends June 5. Daily Jüdisches Museum Chagall's Russian Years: 50 oil paintings,

watercolours and drawings from the period 1908-20. Ends June 12. Closed Sat Museum des 20. Jahrhunderts

Picasso: 180 paintings, drawings, bronzes and ceramics from the Ludwig collection. Ends June 19. Closed Mon Albertina The Young Kokoschka.

Ends May 23. Daily Kunstierhaus Art and Dictatorship: an exhibition comparing Hitler's, Stalin's and Mussolini's ideas of degenerate art in paintings and sculpture. Ends Aug 15. Daily Museum für angewandte Kunst Tyranny of Beauty: a study of the wedding-cake architectural style of Stalin's era and the reconstruction of Moscow. Ends July 17. Closed Mon

Kunsthistorisches Museum isabella d'Este, princess and patron of the Renaissance. Ends May 29.

Closed Mon WASHINGTON National Gallery of Art Willem

de Kooning's Paintings; 75 works by America's influential abstract expressionist, dating from the 1930s to 1980s and ranging from small oils on paper to large canvases. Ends Sep 5. Ruth Benedict Collection: 78 prints and drawings from the 16th to 20th centuries. Ends June 12. Daily

The story of his revival is that of world tobacco as a whole. A decade ago, only a third of the world cigarette market was open to BAT. The rest was accounted for either by China - now a third of the world market on its own - or by state monopolles in countries such as Russia, Japan,

Denied room to expand, BAT started to pour its surplus cash into financial services, beginning with the near-£1bn purchase of Eagle Star Insurance at the end of 1983. But in the mid-1980s, the Japanese market started to open up, followed by Thailand and Taiwan. The Chi nese market became slightly less hostile. Then came the crucial event the fall of the Berlin wall, which opened up the whole of eastern Europe. Thus, says Mr Martin Broughton, BAT's chief execu-

tive, in the past decade the available market has tripled, most of it happening in the last five years. "When we first moved into financial services," he says, "it was all in the context of seeing tobacco as a cash generator in long-term decline. We never saw it declining as fast as outside pundits, but we were looking to financial services for growth. Now we have two growth businesses."

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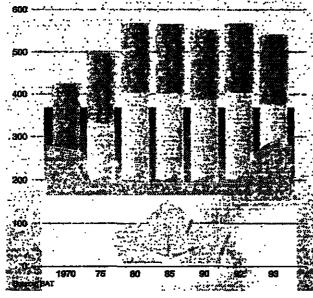
The American Tobacco purchase scarcely fits the growth scenario, since the US market. by Broughton's reckoning, has fallen by a steady 2 to 3 per cent a year for many years. More than anything else, the deal amounts to buying cash flow on the cheap. Even so, it is hard to believe that BAT would have contemplated it had its thinking on tobacco not undergone a sea-change in the

The logic for the deal is simple enough. The two giants of US tobacco. Philip Morris and RJR Nabisco, could not have bought American on anti-trust grounds: and given the antismoking climate in the US, anyone not already in the mar-

Going up with smoke

Tony Jackson asks why tobacco is back in favour at BAT

BAT: keeping up the habit



involved. As the number three US producer, BAT thus found itself in a buyer's market. According to Broughton's sums, he would still break even on the deal if consumption fell by 7 per cent a year from now on. This, he argues, is unlikely on a sustained basis. Even if it did happen, he says, the deal would buy him time. A combined business selling 80bn cigarettes a year in the US takes longer to become non-viable than one selling

50bn. as BAT does at present. Then again, if a 7 per cent fall sounds unthinkable, it is worth considering the case of Brazil. In its first quarter statement this week, BAT said its Brazilian cigarette volume had fallen by 17 per cent year on year, leading to a loss of several million pounds. Since this is partly due to such exotic factors as hyperinflation and cross-border smuggling from Paraguay, the comparison is not exact. But it is sobering to reflect that in Brazil, BAT still sells twice as many cigarettes a year - 100bn - as it does in

On a wider front, the Brazilian experience suggests that

the brave new world of tobacco may have its awkward aspects. BAT's market share in Brazil is 80 per cent. In Chile it is 97 per cent. In fact, more than half of BAT's cigarette sales worldwide are in the 30 or so countries in which it has more than half the market: countries in which, historically, BAT had the official monopoly. Its big competitors such as Philip Morris have no such cosy tradition. As world markets open up, BAT has plenty to lose as

well as to gain.

Looking further ahead, some of the big old state monopolies have yet to flex their muscles on the world stage. Japan Tobacco, the former Japan monopoly company which still holds over 80 per cent of its home market, is starting to make headway internationally. But the really terrifying pros-pect is that one day its Chinese counterpart, the Chinese National Tobacco Corporation (CNTC), might do the same.

At present, Broughton argues, the phenomenal growth of the Chinese market must keep CNTC's hands full. "They're growing at a rate of 50bn cigarettes a year," he

says. "That's a pretty damned big factory [each year]." But the potential of a company whose cigarette output is roughly equal to that of Philip Morris, BAT, RJR Nabisco and Rothmans combined is slightly unnerving. "We've developed good relationships with them over the years," Broughton says cautiously. "But we certainly wouldn't suggest we know what they're going to do."

Meanwhile, the battle for the

brave new markets continues, particularly against BAT's old adversary Philip Morris. The two make an interesting match. Philip Morris has 12 per cent of the world market, BAT 10.5 per cent. Philip Morris is much bigger in the US, BAT rather bigger in the rest of the world. BAT has a range of weapons, from its vast experience of international markets to its panoply of local brands. Philip Morris has a single weapon, but a very formidable one: Marlboro, one of the strongest brand names in the

"Philip Morris is the most aggressive competitor we have." Broughton says.
"They're very active in eastern
and central Europe. They
appear to use different financial criteria from ours. We've had three cases recently where we've been competing head to head to buy a factory (in east-ern Europe). Even in the third one, where we pushed our numbers up a bit, they put in a package three times as high as ours. Either they're right or we are. We don't know yet."

In any case, the main point is that in tobacco, BAT now has plenty to do. According to Broughton, the outside world was always wrong to see BAT as wanting to get out of tobacco. "The cash was available in greater quantities than could be invested in tobacco, since the opportunities weren't there," he says. "Now we have a number of alternative strategies open to us, each of which is viable and sound in its own right. We may not be able to do it all at once, but having competing opportunities is a position I like."

In other words, BAT's ambitions to buy a European insurance company or a UK building society may or may not come to immediate fruition. At the same time, BAT may or may not buy into the French tobacco monopoly when it is privatised, or grab other such opportunities as they turn up Hyde and Jekyll, it seems, will have to coexist in the same corporate body for quite a

Joe Rogaly

Snooker for the voters



race for Mr John Major's job is sheer entertainment. Consider the runners. Mr Michael Por-

tillo, the loyal chief secretary to the treasury, has made it plain that he wants to be prime minister when he grows up. We should be safe until the next century.

Mr Michael Heseltine, the

loyal president of the board of trade, studiously avoids opportunities to deny that if asked he would move into No 10 Downing Street. The request had better come soon if he is to get his chance while he is young enough to enjoy it. Mr Kenneth Clarke, the loyal chancellor, delivered the Mais lecture on Wednesday. The what? Never mind. It came across as an advertisement for the candidacy of Clarke, K., willing and able, ready to start tomorrow morning. The talk had the flavour of those "why I think I would be good at this" affirmations commonly found at the tail-end of job applications. It lacked only "... and I know it would be an exciting

opportunity . . . " These three pretenders differ from one another in age, ideology, experience, subtlety and skill. Fortunately we are spared the task of sifting them out. When it comes to the essential qualification they are equally deficient. None of them has the stature, the magic, necessary to restore life to the Conservative coalition, beyond the fleeting moments that would follow victory. None is so magnificent that he can be trusted to lead the unleadable. Mr Portillo, whose support in the parliamentary party is concentrated within the Europhobic/xenophobic faction, is an unlikely unifier. Mr Heseltine, still unforgiven by some for

the downfall of Lady Thatcher, could not both pacify Mr Por-tillo's platoon and remain true to his previously stated convictions. Mr Clarke, whose Mais lecture is the single visible piece of serious work he has produced since last Novem-ber's budget, is a known Europhile and self-confessed

spender on welfare. If the Conservatives had a majority of 100-plus, as Lady Thatcher did, any one of the three could play the game her way. First win the leadership, then, in reshuffie after reshuffle, steadily cull the cabinet of opponents. Those were the days. They are long gone. This year such surgery might destroy the Tories, not unify them. A prime minister with a

majority of 17 falling must weigh every decision with extreme This makes steady, efficient administration of the country's affairs extreme-ly difficult. Sackings that

did not preserve the balance in the party might render the task impossi-

In short, it could be that whatever the results of yesterday's local election, the prime minister is safer than conventional wisdom suggests. He could even survive heavy defeats in next month's elections to the European parliament. Who knows? Who cares? Whether Mr Major stays or goes has become one of the terminally boring questions of British politics. The prime minister might hold on, or he might not. Either way, the Conservatives are saddled with the same problem. They must find a way of settling their differences, particularly over Europe. If they do not, they

will be unwelcome under any leader - even the loyal Mr Douglas Hurd, who is not actively campaigning for the

There is a second proposition that should give potential Tory assassins pause for thought. If they do force Mr Major out, his successor will be under strong moral pressure to call an immediate general election. This is the position taken, both in public and in private, by Mr John Smith. The leader of the Labour party does not imagine that there would be a fresh contest, a re-run of April 1992 which he would win. He merely regards the prospect of taunting a hypothetical new opponent as too good an oppor-tunity to be missed. He is right A second

defenestration

of a Conserva-

tive leader

within less

than four years

would leave the

electorate

bemused. The

Tories' reputa-

ural party of

government

would be sunk.

Tory assassins should pause. If they force Mr Major out, his successor will be under strong tion as the natpressure to call a general election

The legitimacy of the new prime minister would be questioned from the start. The new cabinet would be born destabil-

ised. Labour could pile on the misery. Mr Smith beams when he pictures the scene. His motives may not be particularly high-minded, but he does have a point. A new prime minister appointed by disgruntled Conservatives because they could not unite under the old one should seek a fresh mandate for his or her party. This is not a matter of law. It is more important than that. It is what would feel right. There are plenty of precedents for a change of prime minister within the lifetime of an elected parliament. The voters were not immediately con-

old Wilson made way for the then Mr Jim Callaghan, Against that the British consti-Against that the brush consti-tution is unwritten. It is famously plastic. It is only a slight exaggeration to say that it is whatever the principal political players choose to make of it at any given time. Their choice is heavily influenced by public opinion.

Maria 1

In the circumstances here envisaged, it would be proper to ask the electorate to endorse the change of prime minister, or choose another. A lendership contest this autumn would, if Mr Major's court is to be believed, be hard-fought. The incumbent would not go easily. The proceedings would necessarily be nasty. The purpose would be self-preservation the maintenance in office of a deeply unpopular government. Tory MPs with marginal seats would be fighting to save their parliamentary careers. The national interest would not be considered.

This is not to say that we

would be better off with Mr Smith. The time to decide about that will come when - if - the Labour leader enlightens us about Labour's proposed policies. Indeed, if he does not he might get a rude shock. He might force Mr Major's successor to call an early election, and then fall out of history as Labour loses. Unlikely? Try this: Mr Heseltine becomes prime minister in November. He makes the happy discovery that the budget deficit is likely to be lower than previous projections indicated. A stronglooking cabinet, a quick tax cut, a promise of a referendum before joining any European single currency, a brilliant early spring campaign, and Labour could once again be snookered. The Tories would then resume their internal battles, having won themselves a breathing-space. Only the country would lose.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

to deal with the trivia

From Mr Bryn Glover. Sir, Adrian Furnham ("On the road to procrastination". professor observes that the time spent on any item is inversely proportional to the sum of money involved, but that does not mean that committees handle trivial matters

promptly; quite the reverse in fact. Parkinson gives the example of the company finance com-mittee members with feelings of guilty unease that they have just nodded through a multi-million pound redevelopment plan on the strength of a consultant's report which most of them did not really understand. A scheme to replace the cycle shed for a couple of hundred pounds was much easier to grasp, and they settled to a long debate on sizes, materials and numbers of bicycles; each eager to be seen to be making his or her contribution to the

Three hours later, having shaved £23.46p off the original estimate, they retired exhausted to the executive dining room, reflecting contentedly on a good morning's worth of top-level decisions, and on the debilitating responsibilities of high office.

These were not decision avo-

iders, about whom Furnham is

From Mr Zygmunt Tyszkiewicz. Sir, Mr Bert Thierron reas-sures us (Letters, April 29) that works councils will neither

cost very much nor delay man-

agement decisions. However, the 18 agreements he cites

were freely concluded and are

therefore tailor-made to suit

each company's individual needs, thus minimising costs

The Commission's lastest

draft would force all companies

into a rigid, bureaucratic

straitjacket which ignores the infinite diversity of company

situations. The apparent free-dom it gives to negotiate any

formula for information and

consultation is an Illusion; in the event of failure to agree,

the minimum conditions in the

annexe to the directive are mandatory. The annexe offers

no choice. It imposes creation

of a central European Commit-

tee with attendant rigidities

and red tape.

writing; these were keen decision takers, restrained only by their own inadequacies. Bryn Glover, 14 Wensley View, Leeds LS7 3QL

Always time | A confusing state of Haitian affairs

From Ms Eileen M O'Connor. Sir, I am a bit confused. Former US President George Bush has suggested to current Presi-May 4th) ought to reread his dent Bill Clinton that the US Northcote Parkinson. True, the discontinue its efforts to return President Aristide to power in Haiti because he lacks sufficient support there ("Clinton toughens stance against Haitian junta", May 4). He also feels that it would be a mistake to intervene militarily because

From Mr J D Little.

"no US lives are at risk in Haiti today". Since when has US policy in central/South America aligned itself with the wishes of the local population? And when did "US lives" and not "US interests" become the driving force in policy deci-

Eileen M O'Connor, 20 Edgewood Road, Glen Ridge, New Jersey,

Crest will leave the private investor with crumbs only

Sir, Kevin Goldstein-Jackson "Diary of a private investor: Unanswered questions", April 30) details further problems with the proposed Crest share settlement system as far as the private investor is concerned. In this regard it is interesting to note that, buried in appendix III of the task force report is the fact that 67 per cent of bargains by volume are done by or for individuals accounting for 14 per cent by value. The private investor makes a considerable contribution to the functioning of the market. I can answer his question on what weight is given to views submitted to the Bank or Treasury - none. After correspond-ing with both august bodies over a period of four months it was the task force report which finally indicated why my representations were get-

ting nowhere; Mr Iain Saville,

who heads the Crest project at

workers will take the annexe

as a starting point for negotia-

tions, not because it improves

information and consultation:

on the contrary, it will seri-

ously interfere with many suc-

cessful existing company infor-mation systems. Unions will

insist on the centralised Euro-

pean Committee as a major

step towards realising their

ambition for pan-European

union structures and collective

bargaining. This unvoiced ambition has driven this proj-

ect for 24 years, but cannot be the stated aim of a Commis-

sion Directive, since the right

excluded from the scope of EU competence by Article 2.6 of the "Social Chapter".

The Commission's White

Paper rightly blames the rigid-ity of Europe's labour markets

for our failure to create jobs.

Yet its draft directive on infor-

mation and consultation will

only add to these rigidities,

Urged on by trade unions, unless the the annexe is modi-

of association is expressly

Euro straitiacket created on works councils

the Bank, was sticking strictly to the recommendations in the report and nothing was going to make him déviate from it. A long-shot letter I sent to Sir Bryan Carsberg, director-general of fair trading, pro-duced a reply on his bahalf which reiterated so many of the views expressed by the

Bank that we are unlikely to get any redress from the Office of Fair Trading. I am afraid the private investor is going to have to accept the crumbs dropped from the table of the fat cats. The problem arises because Crest has been designed by and for the convenience of institutions; any so-called concessions to the private investor are a sop to divert criticism until Crest is introduced, when it will be too late to make any changes.

JD Little. The Hall, 16 Parry's Close Stoke Bishop, Bristol BS9 IAW

fied so that companies and

their workers have freedom to devise the formula best suited

to their individual needs. No

single formula decreed by Brussels can possibly be right

for all companies, in all four corners of Europe. The Treaty

says a directive "shall be bind

ing as to the results to be

achieved . . . but shall leave

to the national authorities the

choice of form and methods".

The present directive fails to

It is not too late for the Council of Ministers to build

the required flexibility into

this directive, and especially its annexe, thus sending posi-

tive signals to those who would invest in Europe, while fully satisfying workers' needs for guaranteed information

and consultation.

ecretary general,

rue Joseph II, 40,

UNICE,

Zygmunt Tyszkiewicz,

B-1040 Brussels, Belgium

respect this requirement.

cerns (Letters, May 3) about the unlimited liabilities of auditors would be reduced if the appropriate prosecuting bodies took a tougher approach on directors' liabilities. For many employees "becom-

ing a director" has no more implications than, say, getting a better company car. For the retired businessman "taking on a few non-executive directorships" is often thought of as a bit of handy fee income in exchange for attending the occasional board meeting.

Sionaraes

Most such directors have no knowledge of their duties contained in the Companies Act. They may not even realise that they have personal liability for unpaid company Paye/National Insurance, or to impaid creditors if the company fails having traded knowingly insolvently. I believe that is because the authorities either turn a blind eye, or are too busy to take proceedings against directors. Most of us have dealt with companies where the dominant director(s) has traded into insolvency and then reappeared, phoenix-like, often in the same area of business. Why, we all ask, are these people allowed to get away with it?

It may be argued that often many (junior) directors are not privy to the information that enables them to know whether the company is trading within the law. On the other hand "ignorance" is not treated as a

defence in other legal matters. A tougher line on those who are elected as "stewards" of the company would encourage them to be more realistic about their own policing, or be more appreciative as to what they are asking their auditors to do. Tony Gamble. managing director,

Rhinegold Publishing. 241 Shaftsbury Avenue, London WC2H 8EH

Not at Harrods

From Mr Michael Cole. Sir, Harrods serves 15,000 cups of coffee a day to the patrons of its 12 restaurants and sells 30,000lb of coffee beans every year to customers of its food halls, but Starbucks does not operate "a coffee kiosk in Harrod's of London", as you report ("The US wakes up to a new aroma", April 30). Nor does Harrods take an apostrophe.

Michael Cole, director of public affairs, Harrods Knightsbridge London SWIX TXL

A good LANDLPRD is a VICAR... a COMMUNITY LEADER... and a POLICEMAN, wolldists ON E. Ian Hannah more ten Scottish . Newcastle Retail At Ian I Tannah's local (and locals all over the country,

Directors must be responsible

From Mr Tony Gamble. Sir, Mr Ian Brindle's con $t_{\rm eff total}$

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RIVER BUILDING

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Friday May 6 1994

All hands to the dollar

Equally, US policy-makers are unwilling to see the dollar fall further. Both pieces of information are subject to alteration at any moment. But at least the dollar weakness offers a good opportunity to push policy faster in the direction it is - and should be -moving: towards tighter monetary policy in the US and looser policies in Germany and Japan. It is not impossible to explain

why the dollar has been so weak. The problem is, as usual, that there are far too many explanations. This is so even though some explanations can be eliminated quite quickly. Investors are not moving into the yen because of the strength of the Japanese government or, for that matter, the vigour of its recovery. The same is true, if to a lesser degree, for Ger-

Short term interest rate differentials are also not moving in favour of the ven and D-Mark. On the contrary, interest rate differentials on three month money have moved consistently in favour of dollar-denominated securities: by four percentage points vis-a-vis the yen, since the cyclical trough reached in April 1991, and by six percentage points vis a vis the D-Mark since September 1992. These shifts in relative interest rates have been widely expected. It is hardly surprising therefore that conventional wisdom expected the dollar to be strong. Conventional wisdom has been disap-

Current accounts

Three explanations for dollar weakness remain: first, that the current account surplus of Japan and deficit of the US are a permanent, if intermittent, source of upward pressure on the yen; second, that the dawn of recovery, however faint, in Japan and continental Europe heralds relatively high returns on real assets; and, finally, that expectations of inflation, even though they have deteriorated everywhere, have deteriorated rather more in the US than in the other major countries.

What is important to note is that the US currency has fallen by be a surprise. It may be unwel-11 per cent against the yen since the beginning of the year, but also by more than 7 per cent against the D-Mark just since February. Dollar weakness is a general, their monetary policies.

Markets are bearish on the dollar. rather than just a bilateral, phe nomenon. At the same time, while bond rates have risen everywhere, they have risen more in US dollars than in yen or D-Mark. Since last autumn, the differential against 10 year D-Mark bonds has moved from almost minus one percentage point to plus half a percentage point and against the yen it has moved, over the same period, from one percentage point to more than

three percentage points.

These shifts imply not only a marked relative decline in expectations of US inflation, but also a parallel shift in views about the long term performance of the US dollar. The currency must be expected to move to offset changes in relative long term interest rates. Some of that shift has occurred right now.

US policy

It would be foolish for US policy makers to ignore the pessimism. Fortunately Mr Lloyd Bentsen, the Treasury secretary, in justifying recent intervention, announced that the administration "sees no advantage in an undervalued currency". Unfortunately, the administration does not seem to recognise that the very same logic applies to the internal purchasing power of the dollar. What it needs to do is to support the action of the Federal Reserve in raising short term interest rates and so help preserve the credibility of US counter-inflationary policy. Indeed, failing such action, it may be impossible to stabilise the

Yet the unexpected weakness of the dollar has its good side. It has encouraged senior Bundesbank officials, including the president, Mr Hans Tietmeyer, to admit that D-Mark strength is unwelcome. With luck, that will bring forward further needed declines in German short term interest rates. Equally, without a government, the sole policy-maker able to act in Japan is its central bank. Here too aggressive monetary loosening. via exchange market intervention. is justified. It would be helpful if short term interest rates were lowered too. US dollar weakness may come to most policy makers. But at least it should force the US. Germany and Japan to accelerate the changes they need to make in

The tunnel visionaries

The question of Britain's institutional links with the rest of Europe may continue to bedevil its national politics. But from today, the country's geographic relationship with the continent is definitively settled. With the opening of the Channel tunnel, it can never again be truthfully claimed that the UK is not part of Europe. That is a development which deserves to be celebrated, for both symbolic and practical reasons.

Late, over-budget and beset by financial uncertainties though it is, the Anglo-French project marks a milestone in co-operation between two countries accustomed to viewing each other as rivals rather than as natural ailles. As an engineering achieve-ment, it represents a triumph of human perseverance over arduous physical and technical obstacles. And as a means of transport, it offers advantages in speed and convenience which promise in time to reshape trade patterns and transform popular attitudes to international travel, above all on the British side of the Channel.

Probably the biggest wonder is the fact that the tunnel has been completed at all. Had it depended on government funding, as origi-nally planned, it would almost certainly not have been built. The halt called in 1975 by the Wilson government - which concluded it could not afford both the tunnel and the Concorde aircraft programme - would have seen to that. The project was rescued only by the decision a decade later by a radical rightwing UK prime minister and a socialist French president to resurrect it as a private

Useful example

Private management has not been a trouble-free solution. Eurotunnel's history has been punctuated by missed deadlines, financliffhangers, public squabbling and successive increases in total cost. Nonetheless, without the commitment of private capital, notably by the commercial banks, the pressures to ensure accountability, contain cost over-runs and drive the project through to completion would almost certainly have been weaker. That commitment has also been a useful example to some other governments about the potential of privately owned national infrastructure.

However, it would be disingenu ous to view the venture as a pure experiment in free enterprise, imtouched by the hand of government. Much of its financing has depended on state-owned French banks closely linked to centres of political power and, at a crucial juncture, on arm-twisting by the Bank of England. The cost overrims are due partly to government mandated specification changes during construction. And the proj ect's viability hinges on public expenditure on fast rail links, which the UK government at one stage balked at approving.

Further refinancing

Nor is it certain that private canital would have been as readily available if its providers had known at the outset what they know now. As the project's construction budget has steadily mounted, its revenue forecasts have been repeatedly downgraded, deferring the prospect of returns. As a consequence, Euro-tunnel will soon be obliged to seek further refinancing to replenish its dwindling cash resources.

Why the banks have remained loyal for as long as they have is a moot question. Perhaps it is because they genuinely believe that Eurotunnel will eventually prove a big money spinner - just as the Mont Blanc tunnel did after it was built three decades ago. Or maybe it is because they concluded long ago that it would cost them more to cut their losses by calling in their loans than to stick

with the project to the end. Either way, it is clear that projects as monumental, as innovative and with as long a lifespan as the Channel tunnel defy the risk and return calculations conventionally employed by providers of private capital. Their achievement involves a blind faith and vainglo rious ambition exceptional in business and rarer still in Anglo-Saxon financial markets often accused of excessive short-termism. How far such faith will reap commercial rewards is still impossible to say. But the world is a richer place for this piece of Anglo-French tunnel vision, whose benefits will be counted for generations to come. Eurotunnel has changed the map of Europe for the better.

he countdown has started for what will be the most important lift off in the 14-year history of Arianespace, the European satellite launch company that has given Europe leadership in

the \$2bn a year commercial space

transport business. "It would be a catastrophe if we suffered a second consecutive failure," says Mr Charles Bigot, the chief executive of Arianespace,

Since the failure on January 24 of an Ariane 4 rocket with the \$350m loss of Turkey's first national satellite, Turksat 1, as well as a European telecommunications satellite. the European consortium has been working round the clock to investigate and modify its rocket to ensure that the launch at the beginning of next month goes off without a

The stakes are high. Arianespace must restore confidence among its international customers at a time when competition in the high risk commercial satellite launch business is intensifying. Apart from its traditional US rivals, the European group is facing an increasing chal-lenge from Russia, China and Japan, all seeking to penetrate the western commercial launch market.

New cut-throat price competition coupled with uncertainties about European governments' funding of future European space initiatives, risks undermining the success of the Ariane programme. The project has done for the European space industry what the Airbus consortium achieved in the civil aircraft field: the establishment of a credible competitor to the US dominance of commercial aerospace markets that

lasted until the early 1980s.
The achievement has been all the more remarkable because Arianespace, 56.6 per cent controlled by French state and private shareholders but also public and private shareholders from 11 other European countries, was set up when rockets, or expendable launch vehicles (ELVs) as they are known, were widely believed to have become redundant.

The US threw its lot into the development of the space shuttle. But the Europeans considered a manned shuttle too complex a system on which to build a reliable space transport business.

The gamble paid off. The disaster that befell the US shuttle Challenger in 1986 and the long interruption in US shuttle flights vindicated the European decision to concentrate on rocket technology. It also helped Arianespace to capture more than 50 per cent of the commercial satellite launch market.

"It was not just the choice of sticking with ELVs. But Ariane's success was also the fruit of a new concept in space launches." says one French space industry official. "The idea was that not only could launchers be produced and sold like aircraft, but that a comprehensive launch service also had to be offered to the market," he adds, explaining that Arlanespace now offers its customers financing facilities, satellite insurance cover and other services.

Until the latest accident, the reli-

The emergence of Russia,

China and Japan as rivals

to Europe and the US

threatens a glut of satellite launch facilities at a time of falling

With fewer than 20 commercial

launch opportunities a year,

Europe's Arianespace needs a sub-

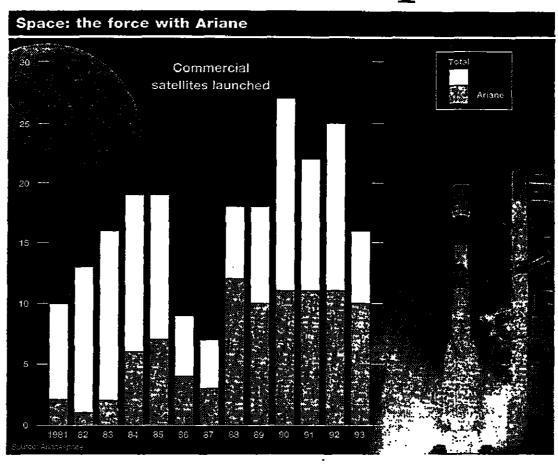
stantial market share to make its

launch facility and rocket develop-

ment programme viable.

The ambitions of the European space industry will ride on next month's Ariane 4 mission, writes Paul Betts

High stakes at the launch-pad



ability of Ariane rocket launches had also helped build up international market confidence. Since the first experimental launch in December 1979, there have been 63 launches, of which six have failed. But since the introduction in 1988 of the bigger Ariane 4 rocket capable of placing more than one satellite into orbit, there have been only two failures: flight 36, which destroyed two Japanese commercial satellites, and the recent flight 63.

Flight 36 failed in February 1990 because a cloth was left in the rocket's cooling system. "It was a stupid accident," concedes Mr Bigot, "but it did not raise questions on the fundamental soundness of the rocket." In contrast, the flight 63 failure was the result of an engine shutdown in the third stage of the rocket after an oxygen pump bearing overheated. "We couldn't simply say it was the fault of a rag or a particle of sand: the explanation of what happened was far more subtle," Mr Bigot adds. A board of inquiry set up after

the accident did not establish a "unique and proven cause" for the failure. It concluded, however, that the engine shutdown was probably

due to the conjunction of a late precooling of the liquid oxygen pump bearing and a series of aggravating factors. Modifications have now been made to ensure that the rocket's third stage cryogenic engine is less prone to overheating.

The new modified systems have undergone more than 100 tests at facilities in France and Belgium. Mr Bigot has travelled to the US and Japan to reassure customers who are also kept up to date with weekly company briefings on the latest developments in the Ariane rocket corrective programme.

"We now have the situation well in hand," says Mr Bigot. "It is most important for us to show our customers how we are correcting the system. They would never forgive us if we failed to give top priority to quality and security. Arianespace is also anxious to

resume rocket launches as quickly as possible to meet its existing commitments to place in orbit 39 satel-Before the January accident, the company had planned 10 Ariane 4 launches this year at monthly intervals. It is still hoping to meet this its reluctance to be first on Ariane-

target by adjusting its procedures to enable launches every three instead of four weeks from the beginning of next month.

Although Arianespace has continued to win new satellite launch orders since the flight 63 failure, the four-month interruption in its timetable has inevitably had an impact on business, with some potential orders lost to competitors.

The biggest blow was last month's decision by the European Telecommunications Organisation Eutelsat, which consists of 39 European telephone companies, to opt for a US General Dynamics Atlas 2A rocket to launch a television satellite, Hotbird 2, in August 1996.

The telephone consortium claimed it picked the US rocket because there were no slots available at that time in Arianespace's packed launch manifest for its Ariane 4 rocket. But Arianespace had offered to launch the Hotbird satellite on the first commercial flight of the European space industry will lites for a total revenue of about its new Ariane 5 rocket, scheduled \$3bn during the next three years. for late summer or early autumn of

The underlying reason for Eutelsat's decision appears to have been

space's larger and more powerful rocket, which will eventually replace the current family of Ariane 4 rockets, suggests a senior French aerospace official. "It's clearly a snub for Ariane to see a European organisation not committing itself to a rocket programme in which Europe has invested more than \$6bn," he adds.

Arianespace officials describe the

Ariane 5 programme as Europe's biggest engineering project after the Channel tunnel with substantial infrastructural investments already completed at Arianespace's launch site in the jungle of French Guiana.

Ariane 5, a two-stage rocket capable of transporting 6 to 7 tonnes of satellite payload compared with 4.5 tonnes on the three-stage Ariane 4, has been designed not only to put heavy satellites into orbit but also to carry manned spacecraft and parts of a planned space station programme being studied jointly by the US and European space industries. Space experts also believe that the two-stage rocket design will provide even greater safety and reliability because most failures have so far involved the third stage of the Ari-

ur ambition is to become during the next 30 years not only a satellite launch company but also Europe's space transport company providing flight services to and from space as well as in space itself," Mr Bigot explains. But with the cuts in Europe's space budget, the immediate challenge for Arianespace is to consolidate its position as leader in the commercial satellite

To remain competitive, Arianespace must retain at least 50 per cent of the commercial satellite market. "We need a large market share to justify the scale of our investments and maintain competitive operating costs for our rock-ets," Mr Bigot concedes, adding that the operating costs of the new Ariane 5 rocket will be directly tied to

the rocket's annual launch rate. Achieving this long-term target will depend on the reliability as well as the cost of the European consortium's satellite launch services, compared with rivals.

US competitors have become more aggressive following the failure of the Challenger space shuttle eight years ago and the subsequent decision of the US government to encourage its three US launcher manufacturers (McDonnell Douglas, General Dynamics and Martin Marietta) to compete for commer cial business against Ariane.

As for other competitors, Mr Bigot is more worried by the Russians at this stage than the Chinese who are still trailing western manufacturers. He also regards the threat from Japan as a longer-term prob-

In four weeks, the future of Arianespace and the ambitions of ride on the 64th mission of the Ariane 4 rocket carrying an Intelsat telecommunications satellite and two small space technology research vehicles for the British Ministry of Defence.

Space war over eastern sky

Jenny Luesby on the threat from rival satellite launchers

final orbit, rather than requiring boosters on the satellite to fuel the last leg of the journey. Besides saving fuel, this almost doubles the life of the satellite, to 12 years. Since the Inmarsat deal, the US

But the going is getting tough for the Europeans and the US. Russia's and Russia have agreed on a quota of eight Russian launches of USfirst commercial launch contract made satellites by 2000, in return from the west, to launch a satellite for the US granting, for the first for Inmarsat, the international time, export licences to American maritime co-operative, was priced at \$36m, 30 to 50 per cent less than satellite manufacturers. Russia has an equivalent Ariane launch. also agreed to refer to the US for The competitive price reflects more than Russia's desire to earn approval any Proton bid that undercuts the lowest western offer by more than 7.5 per cent.

foreign exchange. Its Proton satellite launcher is cheaper than those However, the agreement has done of its western rivals largely because it puts the satellite into little to slow sales of Proton launches, which boast a record of

reliability comparable to the market-leading Ariane. A recent joint venture between the US aerospace group Lockheed, Khrunichev, the maker of Proton, and the Russian research group, Energia, announced that since the Immarsat

worth \$600m. The US telecoms group Motorola has booked Proton for the launch of 21 of its satellites for the Iridium communications network. Khrunichev says these orders do not exceed the quota agreed with the US; the Iridium launches will be to low-earth orbit, the quotas only cover launches into the higher geo-

deal, it has won orders for Proton

whether Russia will adhere to the quotas, pointing to the failure of a similar deal between the US and China to prevent undercutting; China consistently offers deals at a discount of about 30 per cent to comparable European prices.

But China's price competitiveness has been undermined by the dubious safety record of its Long March launchers. A planned launch for Australia was aborted in March 1992, while last month the destruction of China's first advanced weather satellite on its final preflight testing further undermined China's ambitions.

The accident has set back China's

planned launch of six satellites this year. But with the US deal on Chinese foreign launches due to expire in December and several foreign satellites already booked for Chinese launches over the next decade. China's space ambitions are far from dead.

Meanwhile, Japan's space effort finally achieved the maiden flight of its H-II launcher in February, some two years behind schedule. The H-II's main engine, the LE7, is fuelled with liquid hydrogen. Although the LE7 has been beset with technical problems, it has greater potential for higher performance than the more traditional closed combustion engine. However, with launches restricted to just two a year, for environmental reasons, and no commercial customers yet signed up, Japan is unlikely to make an impact on the commercial satellite launching market for some time.

stationary orbit. *Observer*

Battle of the bulge

■ At last Nigerian citizens can get cracking with head of state general Sani Abacha's 'War Against Indiscipline and Corruption'. Due to start in April, it was postponed but not - as unkind wags suggest - because of trouble deciding the identity of the enemy in this odd

Still, the war should prove highly popular in some quarters of Lagos. It might persuade the police guarding the federal secretariat to cease doing a brisk trade in parking spaces. It could ease the city's traffic jams, by preventing drivers from queueing to buy scarce fuel - supplied by state monopoly - from illegal roadside hucksters.

It might even reconnect the FT's office telephone. Despite paying the bills on time, it's been disconnected by clerks at the state owned telephone company Nitel. They say an additional cost is necessary in order to "reconcile As in, 'reconciled to one's fate'.

Mane stream ■ Gendlim the mystery horse finally surfaced in France yesterday, two months after arriving from the central Asian republic of Turkmenistan, a special gift to president François

Mitterrand. The French media has been whinnying about Gendilm's non-appearance so the presidential palace gave him a special photo-call at the Parisian barracks of the Republican Guard. Alexandre Gros, a veteran rider and trainer, said Gendjim, a light-bay 7-year-old, had arrived tired and emotional and peeded peace and quiet. He should be getting plenty of that. Mitterrand, 77, does not ride.

Mint condition? ■ The Royal Mint has made a bit of an ass of itself - and produced

a mulė. In addition to the £2 base metal coins being struck to commemorate the Bank of England's tercentenary, the Mint decided to produce a limited edition of one thousand 22 carat gold coins.

About 800 had already been dispatched when one eagle-eyed numismatist noticed that the design on the front of the coin differed from that in the marketing literature. It lacked the crucial "Two pounds" legend under the Queen's head

Apparently the die for a double sovereign (confusingly also worth two pounds, but which has St George and the dragon on the reverse) had been paired with the (correct) reverse of the special Bank commemorative design. Ergo, a mule, which is two incorrectly associated dies - and

TO THE The

I want you to take the mickey out of political correctness

(BANX)

a rare enough event to get coin collectors pretty excited. The Mint would like the duff ones back. Sadly, the fact that they are not legal tender is hardly going to bother the punters, who paid £295 apiece for their now distinctly more curious curiosities.

Tight-fisted

■ Still on the subject of tercentenaries, the Bank of Scotland has not yet made up its mind how it should celebrate its ble birthday next year. It may have been founded by the same man who set up the Bank

of England - but it doesn't sound as if it will imitate the Bank of England's extravagant partying. with everything from floats at the Lord Mayor's show to a specially commissioned musical by Geoffrey Burgon.

Even so, the board of the Bank of Scotland should at least be able to be a bit more generous than it was at the time of the 250th anniversary in 1945. Then the staff presented the

board with a silver casket which they had to pay for. Indeed, staff members on active service were written to - the only communication they received from the bank during the war - and told that their accounts were automatically being debited to pay

Lost in space ■ When Bill Clinton next visits the UK, his expatriate party loyalists might improve their chances of gaining an audience

Flushed out?

by changing their name to

Democrats, a broad".

for the gesture.

■ Tut, tut. Is Sir Tim Bell, Lady Thatcher's favourite spin doctor. about to reverse his private PR business into a tollet cubicle

maker? Sir Tim was surprisingly silent when Observer contacted him

yesterday about a Daily Mail report that he was planning to use Chartwell, a small Gravesend company, to get his long-rumoured stock market quote. He has grown his Lowe Bell business into Britain's second-biggest PR company in double quick time.

The presence of a few trophy names, such as Lord Carrington and Sir Ronald Grierson, on the letter head of Chime Communications, his parent company, suggest Sir Tim has public ambitions.

But why Chartwell? Its shares were suspended yesterday, pending shareholder approval of a "proposed substantial acquisition". Luke Johnson, a former media analyst at Kleinwort Benson and son of writer Paul Johnson, has a stake in Chartwell and was involved in the successful reverse takeover of PizzaExpress. Hence, the gossip that Sir Tim is about to make a

Given the recovery in the media sector – market leader Shandwick's shares have recovered from 24p to 53p - there might be a window of opportunity for PR companies to come to market. But Sir Tim had better be quick.

Socket to me ■ Q: How many people does South Africa's Independent Electoral Commission need to change a light-bulb?

A: No idea - they're still counting.

FINANCIAL TIMES

Friday May 6 1994



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Palestinian police tour Gaza Strip as Israel vows never to return

PLO takes first steps in self-rule

By Julian Ozame in the Gaza Strip and Mark Nicholson

16

An advance team of Palestinian policemen toured police stations in the Gaza Strip yesterday amid growing fears that the Palestine Liberation Organisation (PLO) would not be able to implement swiftly the self-rule agreement signed with Israel in Cairo on Wednesday.

Officials from the PLO yesterday denied that it was not ready to assume its new powers under the Gaza-Jericho agreement, as suggested by Mr Yitzhak Rabin, Israel's prime minister. But they said the full deployment of Palestinian police would take at least a week longer than expected.

A party of 17 senior Palestinian police officers were escorted around the coastal Strip in a convoy of heavily-armed Israeli police and army jeeps. Israel also completed its evacuation of the Gaza central prison and continued releasing hundreds of Palestinian prisoners.

The PLO said arrival of the first 1,000 police, who should have been in place today, had run into "technical problems" and they would not arrive until

Mr Shimon Peres, Israeli foreign minister, seeking to bolster Israeli support for the peace process, vowed that the Jewish state would never return to the Strip, packed with refugee camps and squalid townships which have been in open revolt against Israel as the Palestinians about the for the past seven years, "There is no going back. We

won't go back to Gaza, Gaza won't come back to us," he said. However, instead of euphoria the mood of most Palestinians was disappointment and suspicion of Israel's real motives. Three of the best-known Palestinian leaders from the West Bank and Gaza - Mr Haidar Abdel-Shafi, Mr Faisal Husseini and Mrs Hanan Ashrawi - expressed deep reservations. Mr Husseini, PLO boss in the West Bank, said the agreement should not have been signed until all remaining issues were finalised, and Mrs Ashrawi said the accord fell short

Israelis remained as sceptical

of Palestinian demands.

peace prospects. An opinion poll published in Yediot Almonot, the tabloid Hebrew newspaper, showed that only 7 per cent of Israelis believed there was a very high chance for peace. Sixty-two per cent said the chances for peace were low or non-existent.

Two radical PLO faction leaders and Syria attacked the agree ment as an obstacle to Middle East peace. Mr George Habash. leader of the Marxist Popular Front for the Liberation of Palestine, and Mr Nayef Hawatmeh, leader of the Democratic Front for the Liberation of Palestine, said their fighters would step up attacks against Israel but would initially exclude areas under Pal-

THE LEX COLUMN BP's rich promise

BP has delivered the goods much faster than investors expected. The 19 per cent increase in its dividend is all the more impressive given that it relates to a quarter during which crude prices averaged only \$14. Since BP was able to increase profits and pay down \$600m of debt in such a tough environment, the board felt it was time to let shareholders have a slice of the action.

Though chief executive Mr David Simon was auxious to deflate expectations that 20 per cent annual dividend increases would now be the norm. there is clearly much more to come. The group is about to kick into the next phase of its restructuring programme, designed to improve operat-ing performance by \$1bn a year. Meanwhile, worldwide economic recovery should sharply enhance BP's earnings from the highly cyclical chemicals and refining businesses. Within three or four years, the dividend should be back at the level it was before being

halved in the dark days of 1992. Yesterday's 4 per cent rise in BP's share price, which follows strong support for the stock in recent months, means the scope for further outper formance is reduced. But judged against its main international peers. the possibility for capital gains has not vanished entirely. Measured as a proportion both of earnings and of gross cash flow, the share price still looks cheap. Moreover, BP's ability to increase earnings is probably some-what greater than that of its rivals, given that it is still coming slightly from behind. It is only on a yield basis that the shares look expensive. But, with the new dividend policy, that is less of a concern than it was.

Bank of Scotland

Mr Bruce Pattullo of the Bank of Scotland is one of the few bankers who appears to believe that banks should actually lend money. Yet again he has shown that it is possible to increase profits by doing so. Customer advances were up 8 per cent last year operating profits rose 19 per cent with net interest income up 14. Admittedly, the bank was helped by favourable conditions in the mortgage market where variable rate margins came close to 2 per cent and bad debt problems are relatively small. This year, the act could be harder to repeat

In general, loan demand remains subdued and, although increased activity in the housing market suggests a plentiful supply of mortgage

FT-SE Index: 3106.0 (+35.5) Bank of Scotland Share price relative to the FT-SE-A Banks index

business, there is more competition among lenders. Bank of Scotland still expects to lend more this year but it may become harder to maintain margins. Those on mortgage lending will certainly narrow if and when base rates rise again. At least the bank is less dependent than the English clearers on dealing profits. A further drop in provisions and non-performing loans should compensate to some

Source: FT Greatite

extent for any margin squeeze. Still, the time seems to have come for Bank of Scotland to concentrate more on building return. It admitted as much yesterday with its reference to greater emphasis on productivity and cost control. Despite the impressive increase in profits, net return on average equity was still only 14 per cent. And the relatively modest dividend increase is a reminder that banks which rely on volume for growth have to keep up a flow of retained earnings.

Wassall

Wassall's acquisition of General Cable appears classic conglomerate strategy. As a partially demerged subsidiary of a US financial services group, General Cable has been neglected by its owners. Capital spending has been falling for three years to a level well below depreciation. An operating margin of less than 0.5 per cent last year leaves plenty of room for improvement. Since Wassall is more than doubling its turnover as a result of the deal, even modest gains in margin will have a big impact on profits. The wonder is that another conglomerate or cable industry rival

had not stepped in before.

With 22 US manufacturing sites to work on and a product range covering 10,000 lines, there is scope for rational-isation. That hints at sizeable foir value provisions, though with fresh equity under its belt from yesterday's rights issue. Wassall's balance sheet is unlikely to be stretched even if goodwill write-offs result. The main worry is whether it has the management resources to swallow such a large morsel without indigestion.

On the strength of its record so far. Wassall probably deserves the benefit of the doubt. Rising US construction orders may make it easier to pass on higher copper prices to customers, which would provide some breathing space. With the shares already on a heady multiple in anticipation of a deal. Wassall has its work cut out to maintain upward momentum. But its first substantial acquisition since September 1991 seems to justify the market's considerable faith.

News Corporation

Investing in News Corporation has always been an act of faith in Mr Rupert Murdoch's strategic vision. Yesterday's mildly disappointing third-quarter figures underline the point. Price cuts in UK newspapers and an unexpected write-off in US book publishing were the main reasons for the fall in operating profits from the wholly-owned parts of the empire. Without a timely gain in feature films - Mrs Doubtfire providing a box-office hit - only television would have shown progress over last year.

Against that background, News's status as a growth stock looks a little odd. Even television may suffer next year as Fox Network's investment in American football rights adds to overheads. The main earnings momentum will probably continue to come from associated companies, notably BSkyB and Ansett. It is a credit to News's robust management style that these two have been turned around. But earnings from partially-owned operations might deserve a lower rating. A low tax charge - running at 11 per cent so far this financial year also argues for caution in valuing the shares. So long as the main planks in Mr Murdoch's strategy are secure, these factors are unlikely to unsettle the market. Investors will reason that a year or two of modest earnings growth is a price worth paying. If News suffers a setback in its long-term ambitions, though, shareholders may start to hunger for jam today.

Northern and southern army units battle in streets as jets pound cities

Yemen pushed to brink of civil war

Yemen edged closer to civil war yesterday as northern and southern army units battled with each other in the streets and air force jets pounded rival capitals. Residents in Sanaa, the federal capital located in the north, said

iets struck the international airport and the presidential palace. Explosions rocked the city again later in the day and warplanes drew anti-aircraft fire. Yemen has been plagued by political rivalry since Marxist South Yemen and tribal, conser-

vative North Yemen merged four years ago to form a republic with Differences over power-sharing prevented integration of the armed forces and have led to a power struggle. The crisis mounted last August when vice-president Ali Salem al Beidh,



in Sanaa and returned to his political base in Aden, capital of the former South Yemen. The latest confrontations erupted last week when the south said one of its brigades in the north had been defeated in a two-day tank

battle near Sanaa. Yesterday the northern-based, government-run Sanaa Radio declared a one-month state of emergency. It ordered all Yemeni

France said it would evacuate European Union citizens from

It was not immediately clear if the explosions in Sanaa were from an air raid by rival southern fighter jets. The antiaircraft fire continued for 15 minutes and came from the southern and eastern parts of the city. Clouds of smoke rose yesterday

from the vicinity of the presidential palace on the outskirts of Sanaa. A diplomat said southern forces were shelling the compound with artillery. It was not clear if President Ali Abdullah Saleh was inside. There was also shooting on the road to the Red Sea port of Hodeida.

Meanwhile, the southern military command reported that northern aircraft had blasted Aden airport and other districts of the port on Wednesday night.

Munich economic research insti-

tute, showing a recovery in

March to 80.3 per cent, from 79

industry reached a peak of more

than 90 per cent at the end of

1990, coinciding with the eco-

nomic boom of unification,

according to Ifo, since when it

declined steadily until the middle

The improvement seems to be

having a direct effect on Mr

Kohl's political rating, with a

reversal in the popular view that

the SPD would handle the econ-

omy better than the CDU.

According to Die Welt, the con-

servative Berlin-based daily

newspaper, 36 per cent of voters

now trust the CDU to solve the

country's economic problems

today, compared with 32 per cent for the SPD.

As for absolute levels of voter

preference, most polls still put

the SPD in front, but with a

of last year.

declining lead.

Capacity utilisation in German

per cent the previous December.

As the fighting intensified, also reported northern air attacks on Aden. The southern command's statement said two raiding jets had been shot down.

Yemen is one of the poorest countries in the Middle East with a modest oil production of about 335,000 barrels a day, of which 140,000 barrels come from the south. Up to 30 foreign oil compa-nies are operating in the main

Concern that the strife may endanger the country's exports, along with fresh signs of firm oil demand, fired up a rally in petroleum prices.

London June futures for the benchmark Brent blend of North Sea crude oil traded as high as \$15.83 per barrel, up 35 cents from Wednesday's close. New York light crude futures also stood higher by nearly 40 cents at one point in the trading day. Oil companies lifting Yemeni crude said operations were continuing.

Recovery lifts Kohl's poll hopes

By Quentin Peel In Bonn

Mr Helmut Kohl, the German chancellor, appears to have reversed the trend of declining popularity both for himself and his Christian Democratic Union, in line with a series of important Indicators of reviving economic activity.

The latest opinion polls show a revival in the fortunes of Mr Kohl and his party for the first time since 1992, while the wors-ening trend of unemployment

tion of German industry, pubupward trend in the economy indicated this week by statistics for industrial production and industrial orders.

increasingly likely that Mr Roman Herzog, the candidate of Mr Kohl's party for the German state presidency, will defeat Mr Johannes Rau, the former leader of the Social Democratic party (SPD), in the electoral assembly vote for the position on May 23.

The outcome depends on the votes of the minority Free Democratic party, whose leader, Mr Klaus Kinkel, is inclined to support his current partners in the ruling coalition.

Yesterday's moderately good news on the economy included a slight drop in unemployment down 93,800 to 3.8m - although on a seasonally adjusted basis, that still amounted to a slight 16,000 increase. Nevertheless, the underlying growth of unemployment - the single most negative factor for Mr Kohl in his election campaign - has clearly slowed.

All predictions hitherto have

suggested unemployment would continue to rise through the year, in spite of economic recovery. The latter trend was confirmed

Respite for \$

intervention is not a policy."

holiday in Japan – markets were had contributed to the success

US employment report. Dealers think that there is a chance the Federal Reserve will raise interest rates to support the US currency and prevent the economy from overheating if the figures show unexpectedly strong growth in job creation. Weak figdollar into renewed difficulties. slightly yesterday, but gains were limited by concern about the weak dollar and another possible monetary policy tightening

by the Fed.

Steve Hannah, head of research at Industrial Bank of Japan in London, said: "What changes the trend is changes in policy, and

Traders said the Golden Week closed from Tuesday to Thursday of the intervention as trading was thinner, making it less expensive for central banks to achieve their purpose.

Today, the focus will be on the

ures, however, could throw the US Treasury prices rose

Continued from Page 1 general election. It is also looking by yesterday's capacity utilisation figures published by Ifo, the

also seems to have slowed. Figures for the capacity utilisalished yesterday, confirm the

The turn in the fortunes of Mr Kohl and the CDU may well have come too late for the party to avoid further setbacks in the European, state and local elections in June and September, but suggests he may have a chance of hanging on to power in October's

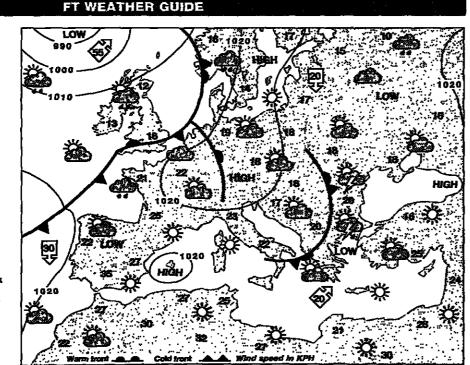
Europe today Overcast skies and outbreaks of rain will

gradually move northward over the British Isles. Southern parts of Sweden and Norway, the Benelux, Germany and northern France will be cloudy but mainly dry. Central and will have sunny spells. Sunny Intervals will be frequent over southern France. Italy will have abundant sunshine, with the occasion shower likely in the extreme south-east. Under sunny skies, central and southern Spain and Portugal will have maximum atures of 30C-35C. A small depresssion will cause scattered thunder showers over the Balkans and

continue to have sunny spells. **Five-day forecast**

The British Isles will have wide showers during the weekend. Early next week conditions will improve over England and Wales, but Ireland and Scotland will still have rain. Showers will also dampen western and central Europe this weekend. Sunny spells

northern Greece. Southern Greece will





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FINANCIAL TIMES

COMPANIES & MARKETS

OTHE FINANCIAL TIMES LIMITED 1994

Rhône-Poulenc

sees beginning

of an upturn

Friday May 6 1994



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AMB lifts profits to DM85m

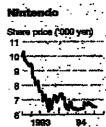
Aachener und Münchener Beteiligungs (AMB), Germany's second-biggest insurance group after Allianz, reported net profits of DM85m (\$50m) for last year, up from DM73m. Page 18

Hot such a Blockbuster after all Dead but not buried. That was the epitaph pro-nounced this week by one Wall Street analyst on the proposed takeover of video retailer Blockbuster Entertainment by Viacom, the film, televi-sion and publishing group. Page 19

McDonnell Douglas gets fit McDonnell Douglas, the US aerospace and defence group, has been building up financial muscle.

Bank Austria cuts dividend Bank Austria, the country's largest bank, yesterday reported a sharp rise in operating profits but will pay a reduced dividend of 8 per cent. Page

Nintendo suffers in Tokyo



Nintendo, the Japanese leading video game maker has had a bad time on the Tokyo stock market Poor sales in Europe, the strengthening of the yen, the lack of new products and increasing competition have hurt earnings, forcing the company to cut initial profit estimates for the business year ended last March. Back Page

End of the line for buils shopping in China The first flush of enthusiasm for "China Inc" that was so much in evidence last year has given way to caution. Share prices of the first clutch of Chinese state companies listed in Hong Kong have come under pressure this year. Page 22

Penkor offers £60m to Brown & Jackson Pepkor, the South African retailer, is expected today to offer to inject up to £60m into Brown & Jackson, which owns the troubled Poundstretcher chain of discount retailers. Page 24

Body Shop continues recovery Body Shop International continued its profits recovery, yesterday reporting a rise at the pre-tax level for the year to end-February from £21.5m to £29.7m, more than reversing the decline of the previous 12 months. Page 24

MEPC buys Midlands portfolio MEPC, the quoted UK property company, has bought a £67m portfolio of office and industrial properties in the Midlands from the Richardson Group, a private property company. Page 26

Co-ops form force in retailing Co-operative Retail Services, the second largest co-onerative retailer in the UK, ve a new proposal for a merger with the largest, Co-operative Wholesale Society, to create a significant retailing force. Page 26

Ford UK suffers again Ford of Britain, the leader of the UK new car market, suffered a third successive year of heavy losses in 1993 (excluding Jaguar). Page 27

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Companies in this issue

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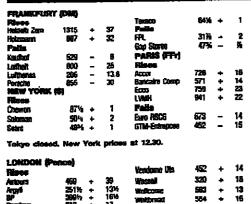
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Chief price changes yesterday



IN BRIEF

Associates help News Corp rise 28%

News Corporation, Mr Rupert Murdoch's media and publishing group, yesterday announced a 27.6 per cent increase in profits after tax but before abnormals, to A\$852.8m (US\$600m) in the nine months to end-March. Profits in the third quarter alone reached A\$227.9m, up from A\$178.4m in the same period of the previous

But, as in previous quarters, the improvement was due to sharply higher profits from associate companies - BSkyB, the British satellite broadcaster, and Ansett Airlines - and reduced

cent owned by News, with TNT, the Australian transportation group, holding the remainder; minority interest.

News said filmed entertainbusiness showed "strong gains"

News said its strategy of boosting circulation by cover price reductions was being achieved, with the Sun's circulation up by 16 per cent, the Times by a third.

Book-publishing made a A\$22.1m loss (from a A\$3.6m profit) in the quarter, with News saying that HarperCollins saw higher than anticipated returns, deeper customer discounts and write-off costs related to the "Celebrate Reading" programme. Magazines and inserts made A\$92.5m in operating profits, down from A\$113.4m, but television improved from A\$55.2m to A\$79.7m, and filmed entertainment from A\$31.9m to A\$61.9m.

uted A\$102.4m in the third quarter, compared with A\$28.9m. Interest charges dipped from A\$180.4m to A\$158.3m. There was a net abnormal

charge of A\$5.2m in the third quarter, compared with a A\$12.3m profit last year, leaving attributable profits, after tax, at A\$222.7m (A\$190.7m). The ninemonth figure after abnormals stood at A\$991.6m (A\$643.5m). News said BSkyB had 3.4m subscribers - an increase of more than 1m since last June - with more than half the total taking

By Christopher Brown-Hume:

Electrolux, the world's leading producer of household appliances, yesterday announced a SKr668m (\$84m) profit after financial items for the first quarter following strong US demand and more stable conditions in the full premium package.

The result, which compares with a SKr122m profit in the same 1993 period, was ahead of expectations, taking the company's B share up SKr6 to SKr429. The group, which has just finalised a DM730m (\$426m) agree-ment to buy AEG's household appliance division, said operatappliance mysion, said operating income rose 88 per cent to SKr1.06bn from SKr563m. Sales were up 11 per cent at SKr26.6bn, helped by a 7 per able exchange rate movements. Electrolux said operating income had improved in both Europe and North America,

helped by restructuring and However it stressed that the European recovery was patchy, with stronger performances in the UK, Spain and the Nordic

region being offset by weakness in Germany, France and Italy. Household appliances, the biggest division, saw sales rise to SKr15.0bn from SKr13.8bn. Operating income for white goods was "substantially" higher in both Europe and the US, it said. Results from air conditioners, floor-care, sewing machines and compressors also improved.

The turnround was flattered by the difficulties which Electrolux experienced in its North American and Spanish markets last year.

Restructuring and one-off charges reduced household appliance income by SKr300m in the first quarter of 1993.

Commercial appliances had a more difficult quarter, with sales from SKr2.29bn and operating income remaining static. Refrigeration and cleaning equipment both reported lower operating income, but industrial laundry equipment improved.

Outdoor products increased operating income as sales rose to SKr4.25bn from SKr3.95bn; there was also a better performance from industrial products where sales climbed to SKr5.05bn from SKr3.96bn.

Group net financial expenses fell to SKr391m from SKr441m, due to lower interest rates and a reduction in tied-up capital.

Associate companies contrib-

By Nikki Tait in Sydney

By John Ridding in Paris

months of 1993.

Rhône-Poulenc, the French

chemicals and pharmaceuticals group which was privatised last

year, reported a sharp fall in first

quarter net profits to FFr189m

(\$32.41m) compared with FFr676m in the first three

The company said that the

decline, which contrasted with

improved results at other Euro-

pean chemicals groups, largely

reflected the sharp reduction in

capital gains on the disposal of

assets and the absence of cur-

rency gains. Both factors lifted

profits in the same period last

Operating profits slipped by

much less than the net result,

falling from FFr1.74bn to

News also owns 50 per cent of BSkyB, with Pearson, owner of the Financial Times, holding a By contrast, operating profits before tax from News' core operations fell to A\$303.7m in the quarter, compared with A\$373.4m

year ago. Their operating profits in the first nine months stood at A\$1.16bn, down from A\$1.24bn. Group revenues were A\$2.59bn (from A\$2.64bn) in the third quarter, and A\$8.42bn (against A\$8bn) in the pine months.

FFr20.09m for the three months.

man, said that the results showed

the beginnings of an upturn in

sectors sensitive to recession and

a stabilisation in the group's

healthcare activities. In spite of

the improvement, however, he

said the company did not expect a genuine upturn in the Euro-

Organic and inorganic chemi-

cals activities benefited from

improved sales, increasing profits

to FFr57m from break-even last

year despite the continued weak-

ness in prices. The fibres and

polymers division recorded

strong gains, increasing profits

from FFr51m to FFr134m, while

speciality chemicals saw profits

The healthcare division,

rise by 22 per cent to FFr179m.

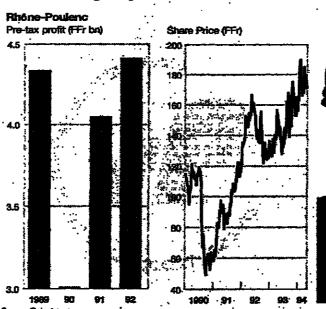
FFr1.68bn. Sales rose slightly, which includes US based Rhone ating profits decincreasing from FFr19.8bn to Poulenc Rorer, reported slightly cent to FFr343m.

pean economy this year.

Mr Jean-Réné Fourtou, chair-

ment, television and TV guide in profitability, but these improvements were offset by lower results from UK newspapers, book publishing and the "free standing inserts" division. Results in 1992-3 were boosted by inclusion of the South China Morning Post, now sold. How-ever, even after adjusting for this, nine-month operating profits nudged down from A\$1.13bn to A\$1.17bn. On the newspaper side, operating profits fell from A\$167.9m to A\$91.3m in the third quarter, due to the UK price war and SCMP omission. However,

■ Decline in first quarter reflects reduction in capital and currency gains Where the group stands



According to Rhône-Poulenc, sales were affected by weather conditions at the beginning of the The most difficult problems were encountered in the group's year in Europe and the US. The include herbicides, pesticides and company said that the division was on course for improved profating profits decline by 29 per its for the full year.

Industry observers said that the comparable period this year.

full year profits for the group as a whole were difficult to predict because of the importance of asset sales. In the first quarter of last year, for example, gains on asset sales amounted to FFr244m, compared with just FFr17m in

Indonesian telecom to be listed in New

agricultural activities, which

insecticides, and which saw oper-

higher profits of FFr1.23bn.

By Manuela Saragosa in Jakarta

The Indonesian government is to list 25 per cent of PT Indosat, the state-owned telecommunications group, in New York and has hired Merrill Lynch as lead under-

The move, in the form of an issue of American depositary receipts, will intro-duce one of Indonesia's largest companies to the international financial community. It also marks the first time an Indonesian company has listed shares overseas before doing so at home. A further 10 per

cent of the company will be listed on the Jakarta Stock Exchange. PT Danareksa Sekuritas will manage the domestic share

Brokers in Jakarta estimate Indosat will raise at least \$500m in New York. Indosat's president Mr Tjahjono Soerjodibroto said the share placement would take place in the second half of this year.

Indosat is one of Asia's most profitable companies. In 1992, the company's assets were valued at \$690m and the company recorded a net profit of \$240m.

but the telecommunications company has a healthy track record. Mr Soerjodibroto commented, "We've been among the top five biggest tax payers in the country

Indosat, which employs about 1,600 people, recorded net profits of 237bn rupiah in 1992 against 208.5bn rupiah in 1991. Indonesia will invest \$10bn over the rest of the decade to expand telecommunications across its archipelago of 14,000 islands.

The decision to list overseas was also prompted by the fact that the Jakarta Stock Exchange limits share prices to 15

times earnings, while Merrill Lynch is believed to have advised Indosat to sell its shares at about 30 times prospective 1994 earnings in New York.

Not everyone is convinced, however, that selling shares abroad is Indosat's best option. Some local officials and brokers argue that a larger portion of the shares should be sold in Jakarta to stimulate development of the local stockmarket.

Indosat is the first in a series of Indone sian state-owned companies to seek listings overseas and is likely to be followed up by Garuda, the national airline.

No figures are available yet for last year, QVC to expand television

By Raymond Snoddy

QVC, the television home shopping channel, is planning to expand into continental Europe

dent of QVC International and a close associate of QVC executive Mr Barry Diller, said yesterday that talks with potential part-

concept around the world. year revenue business in the US Dutch cable television associa-July, and Sweden and Belgium by the end of the year. They will be serviced from the

UK in English with the help of bilingual telephone operators.

potential customers - a faster rate than in the US. There, the channel has signed up only 8 per

base in eight years. Mr Schereck confirmed yesterday the UK channel was in line

target of £40m (\$58.4m). The QVC channel has also had talks with a UK supermarket group about extending its range of "impulse" buys, which include electrical goods, jewellery and sports equipment, to packages for £30 or £40 of non-perishable

one would buy them. "We sold 3,500 within two weeks," said Mr

home shopping into Europe

with the possibility of local language channels in Germany, France and Italy.

Mr William Schereck, presi-

ners were under way. "Expect startling announcements within the next six months," said Mr Schereck who is responsible for taking the QVC QVC has grown to a \$1.2bu-a-

in less than eight years. It was launched in the UK last October and a month later in Mexico.

The company said it had reached agreement with the tion to transmit in the Nether-lands and will launch in Norway in June, Denmark in June or

Mr Schereck said joint ven-tures and channels in French, German and Italian were the best way to tackle the biggest

markets of Europe. He hoped to be able to launch such channels in those countries next year. Since its launch in the UK, the shopping channel estimates it has reached 4.5 per cent of its

cent of its potential customer to reach its first year revenue

cleaning equipment and canned Already in the UK, the power showing things on television is having an effect.

supermarket items such as

QVC bought 500 cooker hood filters, wondering whether any-

BP increases dividend 20%

By Robert Corzine in London

British Petroleum yesterday capped its return to robust health with a 20 per cent rise in its first quarter dividend to 2.5 pence a share. It was the first such increase since 1992, when struc-tural weaknesses and mounting debt caused it to cut the payout to shareholders.

Investors welcomed the the signal of confidence, and BP shares rose 16%p to close at 399%p. Mr David Simon, chief execu-

tive, said the BP board was confident the company could operate profitably even with relatively low oil prices. "It was the right time to share some of the benefits" of BP's cost-cutting, he said.
The company warned investors not to expect the same pace of dividend growth, although it "intends to grow the dividend

.=

The first quarter results

exceeded analysts' expectations. Replacement cost net profits before exceptional items were at low oil prices probably per-£305m, 32 per cent up on the suaded the board it was safe to £305m, 32 per cent up on the £231m in the first quarter of 1993. Earnings per share were 5.6p (4.3p). After an exceptional gain of £23m (£18m a year earlier), net profits were £328m (£249m). The company attributed the

performance to success at cutting costs, higher production volumes and wider refining margins in the US. The chemicals division returned to profit after 18 It was the third successive quarter in which BP was cash

positive excluding proceeds from

divestments. Net cash inflow

excluding disposals was £342m, although the average North Sea oil price in the first quarter was \$13.92, 25 per cent lower than in

Analysts say BP's ability to generate large amounts of cash raise the dividend, even though the company has not met all the targets it set when it cut the dividend. These were: capital expenditure of \$5bn a year or less; annual debt reduction of \$1bn or more; and \$2bn in replacement cost profits.

Mr Simon said debt now stands at \$11.8bn (down \$593m in the quarter), its lowest level since 1988. About \$400m has been raised from disposals so far this year, with \$1bn-\$1.5bn expected for the full year. That would bring full-year gearing down to 66 per cent, according to company officials.

April 1994

R©GERS

Rogers Communications Inc.

has acquired substantially all of the common shares of

Maclean Hunter Limited

for approximately

\$3.1 billion

The undersigned acted as financial advisors to Rogers Communications



ROTHSCHILD CANADA LIMITED



ScotiaMcLeod





Barclays chiefs criticised by shareholders at AGM

Sir Denys Henderson. chairman of ICI and Zeneca, stepped into the breach to defend the chairman and chief executive of Barclays against attacks from hostile shareholders at the bank's annual general meeting yesterday. Sir Denys, a non-executive

director of the UK's biggest bank and chairman of its remuneration committee. praised the performances of Mr Andrew Buxton and Mr Martin Taylor amid heated criticism of the bank's directors. Much of the antagonism at

the two-and-a-half hour meeting came from members of a pressure group called the Struggle Against Financial Exploitation (Safe), founded by unhappy customers of Barclays who bought shares to attend.

Bank of Scotland yesterday

affirmed its interest in buying

a building society to improve its deposit base, as it disclosed

it had more than doubled

annual pre-tax profits, to

£268.7m (\$404m) against

Mr Bruce Pattullo, governor,

said it was among banks exam-

ining the possibility of buying

a society. However, it was not

moment, and was unsure about

Mr Pattullo said that in con-

trast to Lloyds' proposed

£1.8bn purchase of Cheltenham

& Gloucester Building Society,

the bank believed the main

advantage would be the strengthening of its balance

sheet through increased depos-

The bank, which a year ago

set a target limit of 5 per cent

asset growth for the year to

February 28 to maintain capi-

tal ratios, said assets had

是是我们是"多"了多么,但是这位多点是我们,不是是是是是一个多数,也是我们也的是他们的,也是是这种的,也是是这种的人,也是是一个人,也是是一个人,也是一个人,也

grown by 6 per cent as it

involved in discussions at the

the benefits of a purchase.

By John Gapper, Banking Editor

£125.3m last time.

the bank for paying Mr David Band, chief executive of its BZW investment banking arm, £1.4m last year and for giving Mr Buxton a basic salary of 2350,000 this year and Mr Taylor a package worth £737,500. "We are talking very large telephone numbers, and I can understand why you might think they are excessive," said Sir Denys, who led last year's search for a chief executive.

Barclays appointed Mr Tavlor, who became chief executive in January. "Of course he has got to earn it now. We will he looking very carefully, and I have no doubt that he will fully repay our confidence in said Sir Denys.

Sir Denys told shareholders that Mr Buxton, who split the roles of chairman and chief executive after Barclays lost £242m in 1992 had faced "a hell of a battering from people all over the place, and has done it

Bank of Scotland doubles

Operating profits before pro-

debts rose 19 per cent to

£580.2m. against £487.9m. The

specific provisions charge fell

22 per cent to £283.8m, which

Mr Pattullo said was "less than

General provisions for antici-

nated bad debts which have

not been identified were

increased by £30.1m, including

a £20.1m charge. Mr Pattullo

said this was for reasons of

prudence, and "not in order to

Bank of Wales subsidiary,

which recorded a pre-tax loss

of £4.8m because of problems

at its motor finance arm. Mr

Pattullo said it had found fur-

ther bad debts after changing

Margins rose, helped by a

£500m increase, to £5.4bn, in its

mortgage portfolio, and more

high-margin personal lending.

The bank's liabilities were

strengthened by a rise in funds

held in customer accounts for

provisioning methods.

The main upset was at its

we would have liked".

smooth profits".

ions for bad and doubtful

pre-tax profits for year

bank lending.

Mr Buxton was forced to demonstrate that courtesy under acrimonious attack ye terday, with shareholders employing a variety of colourful metaphors to emphasise their contempt for the bank's performance and treatment of

One shareholder compared Barclays with a football team tion by recruiting "a synchron-ised swimming coach" in the form of Mr Taylor, a former chairman of Courtaulds Textiles and ex-Financial Times But Mr Buxton was praised

by one shareholder, Mr Granville Whitehead, who told him he was "by far the handsomest man on the platform" Mr Whitehead said that he had spent the meeting sketch-

ing Mr Buxton and the "ugly

Fee and commission income.

an area in which the bank has

been regarded as weak,

increased by 15 per cent to

£282.6m. Some £147m of this

came from fees and commis-

sions income from branches.

The tier 1 ratio of core capi-

tal to risk-weighted assets

remained at 5.8 per cent in

spite of the asset growth, and a

10.5 per cent increase in the

dividend to 5.05p, against 4.57p.

This figure includes a proposed

Operating costs rose 4 per

cent to £361.7m, against £346.1m, although the ratio of

costs to income fell to 48.6 per

cent from 50.6 per cent. Staff

numbers have fallen 10 per

through natural wastage.

cent from their 1989 peak

Mr Pattullo said internal

generation of capital meant the

bank would be able "comfort

ably" to finance asset growth

of up to 10 per cent this year.

In London, the bank's shares

closed 5p up at 188p.

final dividend of 3.18p.

which rose 52 per cent.

Mr Miller said General Cable

The main vendor is American Premier Underwriters, formerly The Penn Central Cor-

The bulk of the consideration covers the purchase for \$169.8m, a 30 per cent dis-count, of a loan note issued by General Cable to its parent. Wassall is paying an additional \$34.5m for APU's 54 per cent of the ordinary shares and has made a \$38.1m tender

Mr Paul Beaufrere, an analyst at James Capel, said he expected the deal to be neutral at worst for Wassall's earnings this year and that next year there should be "significant enhancement".

enlarged group would have had gearing of 18 per cent at the end of next year. The terms of the rights issue are one-for-four at 250p.

shares gain with \$269.8m

By David Wighton in Londo

Wassall

purchase

Wassall, the UK conglomerate which lost the bid battle for Evode last year, has clinched its first deal since 1991 with the \$269.8m acquisition of General Cable in the US. The proposed purchase is being partly funded by a £92.2m (\$139m) rights issue.

London investors, who have waited for Wassall to make its move, immediately gave their approval and the shares rose 18p to a new high of 320p.

The purchase of General Cable, which makes power, communications and consume product cables, will more than uble Wassall's turnover and increase US sales to more than three-quarters of the total.

Mr Chris Miller, chief executaking a bet on America."

was an ideal target for Wassall, as it had suffered from under-investment and performed poorly relative to its competition. It barely broke even on sales of \$763m (£510m)

poration, a financial service group which partly demerged General Cable in 1992. "It is just the sort of owner you like to buy from," said Mr Miller who described General Cable as "a corporate orphan".

offer for the remainder which are traded on Nasdaq.

On a pro forma basis the to Skoda's accounts to bring them into line with interna-

AMB ahead despite Spanish losses

Aachener und Münchener Beteiligungs (AMB), Ger-many's second-biggest insurance group after Allianz, reported net profits of DM85m (\$50m) for last year, up from DM73m.

The increase was achieved in spite of a sharp fall in operating profits from mainstream insurance activities. These fell to DM147m from DM289m. They were hit by a number of factors, including large losses at the two Spanish subsid-

The group has been in the throes of an intense reorgani-

sation over the past year. The most important move was the sale of a majority interest in the BfG Bank to Crédit Lyonnais, the French bank, concluded at the end of 1992. After years of losses, the

group benefited from a special dividend of DM24.6m last year as part of the terms of the sale. Total unconsolidated premium income for the group was DM14.4bn, up 8.8 per cent. Pre-tax profits from continuing businesses fell to DM105.5m from DM111.3m, while the dividend for 1998 will be unchanged at DM14 a share.

AMB predicted that the 1994 result would at least match

expected to be maintained over

the rest of the year, against a

background of general eco-

nomic recovery in the western

He forecast a continued

upturn in demand for the

group's products, but warned it

might not be at the same rate

as in the first quarter because

of restocking. He noted that prices were

recovering but "they have not

yet reached a satisfactory level

and are still below 1993 aver-

Demand for the group's main

products, cold rolled sheet and

plate, rose strongly in early

1994. Together with the weaker

1993, in spite of the long-awaited liberalisation of the German insurance market this

The aim is to take premium income up to DM15,5bn in the

current year.

Mr Wolfgang Kaske, chief executive, said the group had implemented a wide-ranging rationalisation ahead of the opening up of the domestic insurance market under European Union legislation on July 1.

He predicted competition would gradually increase in the German market over the

This would be reflected in

Avesta, which was formed in

late 1992 from a merger

between Avesta and the stain-

less steel interests of British

Steel, recently approved a

It plans to invest more than

SKrlbn over the next three

that it is interested in buying a

large stake in Creditanstalt,

which S&P rates A-1, from the

Groupe Bull talks to

Groupe Bull, the French

computer group, is running at

least five sets of talks with

potential partners

SKr592.5m rights issue.

Austrian government.

SKr587m.

prices, although he said the initial impact of the changes would be limited.

corrier 1

It has being tidying up its group structure, acquiring majority control of the numer-

ous satellite companies in the AMB orbit. For example, the group has taken its holding in Volksfürsorge, a large German insurance company, to 75 per cent

from 50 per cent. AGF, the French insurance group, owns 33 per cent of AMB, balanced by a block of shares owned by large German institutions such as Dresdner

Philips agrees

Turnround at Avesta Sheffield

Avesta Sheffield, the Swedish-British stainless steel producer, yesterday struck an optimistic note about prospects in 1994 after a strong recovery in the first quarter.

The group, which is 40 per cent owned by British Steel, made a SKrllim (\$14m) profit after financial items, compared with a SKr43m loss in the same 1993 quarter. The loss for the whole of last year totalled SKr98m.

It said the performance had benefited from higher demand cost-cutting and changes to

Mr Per Molin, president, said the improved profits level was

krona, the trend enabled the group to lift sales to SKr3.98bn from SKr3.49bn.

age levels".

NEWS IN BRIEF

Volkswagen and Skoda agree accounts

Volkswagen, the German carmaker, said Skoda, its par-tially-owned Czech unit, had finally agreed its annual accounts, Reuter reports from Wolfsburg. Problems had existed between VW and Skoda over

VW's accounting for 1993 which showed Skoda had made a net loss of DM246m (\$144m) after a DM233m profit in 1992. The loss resulted almost exclusively from adjustments tional standards which include more depreciation and write-

Without the adjustments, Skoda would have made an DM8m profit in 1993 after a DM70m profit a year earlier,

Credit Suisse rating 'could be affected'

ootential industrial and tech-Standard & Poor's, the internanological partners and will tional ratings agency, said an acquisition by CS Holding of a probably announce partnerships in the next few months. substantial stake in Creditan-Mr Jean-Marie Descarpentries, stalt-Bankverein, Austria's secchairman said, Reuter reports ond largest bank, would be from Paris. likely to affect the credit qual-'In coming months we will ity of CS Holding's main unit, probably announce a confirma-Credit Suisse, Reuter reports tion of our partnerships with from New York.

NEC and IBM but also with CS Holdings has confirmed other enterprises," he said.

to buy AEG Sales of cold rolled sheet and plate rose to SKr2.04bn from SKr1.80bn but the division lighting unit By Ronald van de Krol tumbled to a SKr6m loss from a SKr27m profit because prices

were lower. A recovery is expected over the rest of the

Philips, the Dutch electronics manufacturer which and the world's largest producer of The group's hot rolled plate light bulbs, has agreed to buy AEG Lichttechnik, a lighting division achieved a SKr45m profit after last year's engineering company, from SKr18m loss, as turnover climbed to SKr635m from

AEO of Germany. The Dutch company declined to reveal the purchase price, but said AEG Lichttechnik was profitable and had generated sales of nearly DM300m

(\$174m) last year. "Philips Lighting considers the acquisition essential for its position in Scandinavia and in the main European lighting market, Germany," it said. The transaction reflects the desire of AEG, part of the Daimler-Benz group, to concen-

trate on its core electronics activities.
AEG Lichttechnik, which focuses mainly on professional lighting equipment, has a plant near Hanover in Germany and a subsidiary in Finland, idman Oy, which operates a factory in

Mantsala. The company has a total workforce of 1.200.

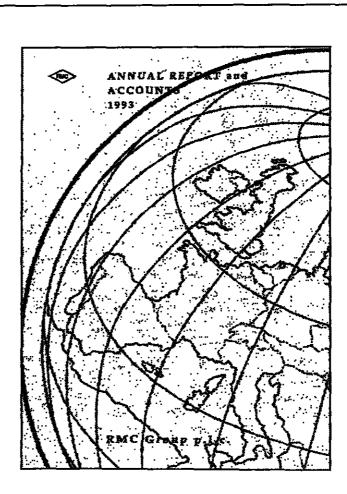
Philips said the AEG business would continue to use its own brand names and would operate in parallel with the Dutch company's own lighting sector.

Lighting is Philips' most profitable business. The sector posted an operating profit margin of 13 per cent in the 1994 first quarter.

Annual Results 1993 Bank \ustria

| Financial Highlights for the y | ear ended 31st De | ecember |
|--------------------------------|-------------------|-----------------|
| | 1993 In ATS | 1992 billion |
| Partial operating profit | 4.2 | 2.1 |
| Gross operating profit | 6.0 | 3.4 |
| Dividend | 8% | 10% |
| Primary funds | 333 | 322 |
| Total Assets | 573 | 545 |

Copies of the annual report may be obtained from Bank Austria Publications Department, Am Hof 2, A-1010 Vienna. Fax (1) 53124-113.



STIMMARY OF CROTTP RESTITES

| SUMMARI OF GRO | OUP KE | <u>20112</u> |
|------------------------|-----------|--------------|
| | 1993 | 1992 |
| TURNOVER | £3,507.9m | £3,443.3m |
| PROFIT BEFORE INTEREST | £217.7m | £201.0m |
| PROFIT BEFORE TAXATION | £177.8m | £166.4m |
| EARNINGS PER SHARE | 39.4p | 31.2p |
| DIVIDENDS PER SHARE | 21.0p | 20.0p |

"The Group's performance during the year reflected more stable conditions in the United Kingdom economy and first evidence of a slow emergence from deep recession. Germany once again produced excellent results and was the major contributor to Group profits.

Other continental operations continue to reflect the recessionary conditions of 1993 but some recovery is expected during 1994. Outside Europe, there are good prospects in the economic recovery on the east coast of America and in the growing Israeli market."

From the Statement of the Chairman, Jim Owen

24 5

If you would like a copy of the 1993 Annual Report please write

The Secretary, RMC Group p.l.c., RMC House, Coldharbour Lane, Thorpe, Egham, Surrey, TW20 8TD.

The Annual General Meeting will be held at the Four Seasons Hotel (formerly the Inn on the Park), Hamilton Place, Park Lane, London W1, on 27th May 1994 at 11.30 am.



RMC Group p.l.c.

RMC House, Coldharbour Lane, Thorpe, Egham, Surrey TW20 8TD

Operating internationally in Austria, Belgium, Czech Republic, Denmark, France, Germany, Hungary, Israel, Netherlands, Portugal, Republic of Ireland, Spain, United Kingdom and the USA.

INTERNATIONAL COMPANIES AND FINANCE

US carrier posts Jefferson \$71.6m deficit in first quarter

By Richard Tomkins

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Continental Airlines, the Texas-based carrier that emerged from its second bankruptcy in April last year, yes-terday reported a net loss of \$71.6m for the first quarter. It blamed the effects of an

exceptionally severe winter on its operations in the north-east US and teething troubles associated with the rape.
sion of its low-cost,
no-frills services on short-haul

The loss appeared to mark an improvement on the net loss of \$107.9m in last year's first quarter, but the previous year's figures are not strictly comparable because the company was recapitalised when it emerged from bank-

A better indicator was the performance at the operating level, where operating losses were unchanged at \$55.2m. This was in sharp contrast with last year's fourth quarter

when the company reported operating profit of \$8.5m, compared with operating losses of \$43.7m the previous time. Most other US airlines have

reported first-quarter losses this year because of bad winter weather or low-fare competition, but most have improved their performance from last year because of a slight increase in revenues and a big fall in fuel costs.

Continental's revenues were unchanged at \$1.4bn, and nearly all the reduction in net losses was attributable to a tax credit of \$42.8m

Fully diluted loss per share Mr Robert Ferguson, chief

executive, said the severe win-ter had cost the airline an estimated \$28m in lost revenues. That and teething troubles with the expansion of its lowcost flights had caused the proportion of scheduled services completed to fall to 95.3 per cent from 98.3 per cent. Mr Ferguson said the opera-

tional problems had been mostly corrected and the company had achieved a significant operating and bottom-line profit in March.

He said the low-cost operation - dubbed CALite - was exceeding its financial targets and Continental was "ever more confident" of its

Brazil's biggest airline cuts costs

By Angus Foster in São Paulo

Varig, Brazil's largest airline, yesterday announced a series of cost cutting measures in the face of continuing financial

Varig hopes the measures. the latest of its restructuring moves, will lead to monthly savings of up to \$6m.

The company, which has not made a profit since 1989, said that it would seek to reduce its 24,000 workforce by up to 10

Staff numbers have already been cut from 29,000 under previous restructurings.

Varig also intends to reduce its regional network in Brazil. order to renegotiate its leases, savings of \$30m.

which it thought too expen-

Varig said the payment suspension, due to expire later this month, had the backing of its main Brazilian lending

The banks wanted to see a reduction in the company's annual lease costs of \$500m, negotiated before the downturn in the airline industry. Varig, which is privately owned, made losses of \$97m in

the year to December 31. The company's main problems remain the still-depressed Brazilian market and a stubbornly high cost base. Other recent attempts to

reduce costs have included a reduction in fleet size and suspended lease payments on ciency, which the company 50 aircraft for two months in said could lead to annual

Smurfit prices US offer at \$13

By Deborah Hargreaves

Jefferson Smurfit, the Irish paper and packaging group, yesterday priced an initial public offering of 19.25m shares in its US division at \$13. The company also offered \$400m of senior notes in Container Corporation, which is owned by its US arm.

The equity offering is part of a \$2bn refinancing plan for Jefferson Smurfit Corporation in the US, which is partly owned by two equity funds run by Morgan Stanley, the US tment bank.

Mr Michael Smurfit, chairman of the Irish group, said he was pleased the company had achieved the offering "despite extremely difficult and volatile markets".
In addition to the 19.25m

shares to be sold to the public, a unit of the parent Jefferson Smurfit group will also buy 11.54m shares at the same price as the public offering. The remainder of the refi-

nancing comes from a bank facility of \$1.65bn, of which a \$900m loan will be delayed until December. That loan will be used by the company to redeem \$844m of junk bonds which date back to 1989. The refinancing will save the US company \$68.3m a year

in interest payments on its debt burden, which is largely made up of junk bonds. The US company has struggled under high interest payments and weak paper and packaging markets, pushing it into the red in the past three years. However, company officials say the market is on the

upturn again with prices for liner board – its main product - increasing by \$55 a tonne over the past five months and another price rise scheduled for June. The price increases will add \$110m a year to the company's bottom line.

Norwegian insurer suffers steep fall

Vital, the Norwegian life insurance and pension group, suffered a fall in first-quarter pre-tax profits to NKr63m (\$8.7m) from NKr812m, writes Karen Fossli in Oslo.

tion in the value of the group's bond portfolio following a rise in interest rates.

Wall St awaits a takeover's demise

The \$8bn Viacom-Blockbuster deal is fading, writes Martin Dickson

ead, but just not buried. That was the epitaph pronounced this week by one Wall Street analyst on the proposed \$8bn takeover of video retailer Blockbuster Entertainment by Viacom, the film, television and publishing group. The takeover was announced at the start of this year as part of Viacom's suc-cessful bid for Paramount Neither Viacom nor Blockbuster is acknowledging the

deal is off, and the merger agreement gives them until the end of September to consummate the marriage. However, it is hard to find anvone on Wall Street who

thinks the deal will go through in anything like its present form, and there are indications the two sides are discussing various forms of co-operation short of a merger. In a letter to shareholders

this week. Mr Wayne Huizenga, Blockbuster chairman, said there could be no assurance its board would be able to recommend a deal. Formal or not, the ending of

the engagement has significant implications for both parties. For Viacom, it increases pressures to sell off assets acquired when it took over Paramount. For Blockbuster, it creates question marks over the group's strategy, and makes it a potential takeover target for another media company.

The death knell has been sounding for the deal ever since Viacom took over Paramount in March, as victory sharply depressed the price of



Viacom stock. Investors feared the company had overpaid for the film and publishing group, and burdened itself with too

That in turn endangered the Blockhuster deal for Viacom proposes paying for the video retailer in stock: 0.08 of a share of Class A stock and 0.60615 of a share of non-voting class B stock for each Blockbuster share. Blockbuster shareholders would also get limited protection against poor Viacom share-price performance - an award of up to 0.13829 of a share on the first anniversary of the consummation of the

However, based on Viacom stock's trading price yesterday, that package would give Blockbuster shareholders only \$21% a share, \$9% a share less than the level at which Blockbuster shares were trading before Janbuster shareholders are hardly likely to accept such a dea This is reflected in that the company's shares are trading substantially higher than the bid terms, at around \$261/2.

The two sides could try to restructure the deal, but there are no signs of Viacom being prepared to do so.

Instead, the companies appear to to be discussing a more limited form of co-operation, such as renaming Viacom's Showtime cable television film channel "The Blockbuster Channel", and possibly using it as an outlet for movies made by Blockbuster's Spelling Entertainment/ Republic Pictures Hollywood film units.

For Viacom, the main attraction of the marriage with Blockbuster was always financial. As part of the merger deal, Blockbuster agreed to make a \$1.25bn investment in

Viacom stock (on top of the \$600m it had committed earlier in the Paramount bid), giving the company cash to boost its offer at a crucial moment in the takeover battle.

The merger also promised to bolster Viacom's balance sheet weighed down with bidrelated debt - with the injection of Blockbuster's strong cashflow from its retailing

If the merger does not go

through, Viacom will come under increased pressure to sell off peripheral Paramount assets to lower debt. It is already weighing offers for New York's Madison Square Garden arena, though Mr Sumner Redstone, Viacom's chairman, insists it does not intend to sell any "strategic" assets. For Blockbuster, the main attraction of the Viacom marriage was to diversify the group away from the video rental market, which is expected to face strong competition from inter-active television

over the next decade. If the deal is abandoned, Mr Huizenga may have a tough job convincing Wall Street the company has an equallycompelling strategy growth. He could also have a hard time convincing shareholders the equity investment already made in Viacom is worthwhile. This is because the stake was bought at \$55 per Viacom B share against a stock market price of \$26 yesterday. Abandonment of the marriage would allow Blockbuster some compensation for this drop, but

possibly not enough to cover

Video group to develop \$1bn park

Blockbuster Entertainment yesterday said it was forming a Blockbuster Park division as part of the group's transformation from a video rental company to a full-scale entertainment conglomerate, writes Richard Tomkins.

The division's first project will be the development of the \$1bn Blockbuster Park, a sports and entertainment complex that the group wants to build on a 2,500-acre site near Fort Lauderdale in Florida.

If the project goes ahead, one function of the complex will be to serve as a home to two sports teams owned by Mr Wayne Huizenga, Blockbuster's chairman – the Florida Panthers, an ice hockey team, and the Florida Marlins, a baseball team.

At one end of the complex will be a 20,000-seat hockey arena for the Panthers and at the other a 45,000 to 50,000seat baseball stadium for the Marlins. In between an entertainment village will feature restaurants, shops and a

Broadcast facilities, a film and television production studio, a 15- to 20-screen cinema, virtual reality entertainment, a sports museum, a golf course and a hotel are also planned

Blockbuster already owns 1,800 acres of the site – mainly scrubby marshland straddling the Broward and Dade county lines. However, the project has to overcome environmental objections and win approval from the planning authorities before it can go ahead.

Travel agent finds tax 'discrepancies'

Board of Directors and Auditors' reports for the 1993 financial year.

4. Discharge to members of the Board of Directors and to the Anditors:

5. Elections according to the Memorandum and Articles of Association:

Proposal to approve the annual accounts as at 31 December 1993, including the distribution of

Proposals to discharge members of the Board of Directors and the Auditors from performance

Proposal to elect Messas Joseph KINSCH and Philippe LIOTTER and re-elect Messas Philippe BODSON, Alain CHAIGNEAU, Valère CROES, Etienne DAVIGNON, Jean-Claude

DEHOVRE, François de LAAGE de MEUX, Bermard EGLOFF, Jean GANDOIS, Maurice LIPPENS, Philippe MALET, Gérard MESTRALLET, Xavier MORENO, Patrick

PONSOLLE, Piet VAN WAEYENBERGE, Karel VINCK and Gérard WORMS, as directors.

at the end of said meeting for the extraordinary general meeting to vote on the following agenda:

a net dividend of BEF 85 to non-AFV shares and of BEF 88.50 to AFV shares.

3. Approval of the Company's annual accounts:

of their functions during the 1993 financial year.

By lan Rodger and Andrew Jack

Reiseburo Kuoni, the Swiss travel agency group, is in discussions with the UK Inland Revenue about "discrepancies" dating back to the late 1970s. Mr Peter Oes, chief execu-

tive, said yesterday he expected the investigations to be completed by the autumn. The company is believed to have approached the Inland Revenue and launched its own investigation using an external

tax problems.
A spokesman for Kuoni said no provision had been made half of company revenue.

for the charge in its 1993 accounts, and any additional tax payments would be shown in the 1994 results.

He said the company would probably announce the amount as soon as the investigation was complete, especially if it would have a material effect on the year's results. Mr Oes forecast that net

income this year would reach a record. Net income last year slipped to SFr44.7m (\$30.8m) from SFr49.9m in 1992. Kuoni is one of Europe's

last year of SFr2.4bn. Domestic business accounts for nearly

Improved prices help to lift profit at SSAB

Firmer prices and increased volumes helped SSAB, the Swedish steel group, lift firstquarter pre-tax profits sharply, to SKr478m (\$62.9m) from SKr23m, writes Christopher Brown-Humes.

It says profits for the full year could be nearly twice last year's SKr776m, provided current market trends continue. The group, one of Europe's few profitable steelmakers,

noted that supply and demand in western Europe had improved during the spring. r imbrose cur for certain price increases during the second half of the year," it said.

GENERALE

SOCIETE GENERALE DE BEL GIOUE

Société Anonyme

Incorporated in Brussels by Royal Decree dated 28 August 1822

Registered Office: 30 rue Royale, 1000 Brussels

Trade Register Number: Brussels 17487

* for the ordinary general meeting, in accordance with the terms of Article 22 of the Memorandum and Articles of Association, to vote on the following agenda:

Ares-Serono sells its diagnostics division

By lan Rodger in Zurich

Ares-Serono, the Geneva-based leader in human fertility drugs, is selling its diagnostics division to BioChem Pharma of Montreal for \$44m in cash and \$21m in notes.

The group is developing biotechnology-based drugs for treating infertility and multi-

nie sciemsis It plans to invest SFr300m (\$208m) in expanding production facilities in Switzerland. The deal is the latest in a

a US drug distribution group, for \$2.3bn, while Bastman Kodak put its three healthcare divisions up for sale.

Ares-Serono's diagnostics division was established in the 1970s and was boosted substantially with the purchase of that illustrates a fresh drive by 1988. It had sales of \$89.3m last pharmaceutical companies to year, focus resources on their most total. year, 12 per cent of the group

Earlier this week Roche, the

The Anglo-US drugs group

announced it would buy Diver-

sified Pharmaceutical Services,

Beecham

Swiss group, took over Syntex

of the US for \$5.3bn.

SmithKline

DSM invites its shareholders to the Annual General Meeting

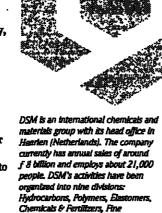
The DSM Annual General Meeting will be held at the company's head office at Het Overloon 1, Heerlen (Netherlands) on Monday, May 30, 1994, at 14.00. The agenda with notes and the annual report can be obtained free of charge from the company's head office and from the following banks:

United Kingdom: S.G. Warburg & Co. Ltd., London Netherlands: ABN AMRO Bank NV, Amsterdam

Shareholders who wish to attend the meeting should deposit their shares with one of the above-mentioned banks, not later than Wednesday, May 25, 1994, against a receipt entitling the holder to attend the meeting. Identification should be made available upon request. The above also applies to those who derive the right to attend the meeting from their rights of usufruct or lien on shares.

Heerien, May 6, 1994 The Managing Board





Chemicals & Fertilizers, Fine Chemicals, Resins, Plastic Products. Engineering Plastic Products and Energy. DSM shares are listed on the stock exchanges of Amsterdam, Düsseldorf, Frankfurt, Basie, Geneva and Zürich and are traded on SEAQ Int. in London. In the USA, DSM has established an ADR program via the

DSM N.V., P.O. Box 6500, 6401 JH Heerlen (Netherlands), tel. (31) 45 782371, fax (31) 45 740455.

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Share Capital pediaries Mahou & Co. Limited

1,000,000

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850,000 Listing Particulars relating to the Company have been approved by the Landon Stock Suchange as required by the listing rule made under Section 142 of the Financial Services Act 1986 and are available during normal business bours on any workday (Satarday n 142 or une l'inencial Services Act 1988 and are available during normal business bours en any workday 18 encepted) from the Company Aspeniacimenta Office, the London Stock Exchange, Capel Court En 5, London, ECEN 141P, by collection only up to and including 9 May, 1994 and during normal business

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The Board of Directors is pleased to invite shareholders to assemble at the Company's registered office, rue Royale 30, Brussels on Wednesday 18 May 1994 at 10.30 am

Capital increase:

1. Board of Directors' special report and Auditors' report, drawn up for cases of duality of Proposal to increase the capital by incorporating the sum of BEF 5,357,138,422 to be withdrawn from the "share premium" account.

2. Creation of new "parts de réserve" shares :

with the new carrital situation.

Proposal to create, to represent te above-mentioned capital increase, 6,418,279 new fully paid "parts de réserve" shares, with the same rights and benefits as the existing non-AFV "parts de 3. Allotment:

Proposal to allot the new "parts de réserve" shares to the shareholders in the proportion one new "part de réserve" share for ten old ones. 4. Acknowledgement *

Proposal to acknowledge the effective carrying out of the capital increase.

5. First amendment to the Memorandum and Articles of Association : Proposals to amend Article 3 of the Memorandum and Articles of Association in accord

6. Special report by the Board of Directors explaining the purpose of and reasons behind the

7. Waiver of the benefits assigned to AFV "parts de réserve" shares : Proposal to irrevocably waive transferring to the income allocated as from 1 January 1995 to

AFV "parts de réserve" shares: the tax saving resulting from the exemption allowed under corporate tax;

the additional income (if any) resulting from the exemption in question which might apply to participated directly or indirectly.

8. Second amendment to the Memorandum and Articles of Association: Proposal to abolish the temporary provisions in paragraphs 5 to 7 of Article 8 of the Memorandum and Articles of Association to bring it in line with the resolution to be adopted

9. Powers: Proposal to grant the Board of Directors all powers required to carry out the resolutions

In order to attend these meetings, shareholders should, in accordance with the terms of Article 19 of the Memorandum and Articles of Association, deposit their shares at the Company's registered office by Tuesday 10 May 1994 at the latest, or at one of the following banks:

In Belgium In France

In Germany

Benque Indosuez Banque Générale du Luxembours

Crédit Suisse

In Switzerland

Banque Indosuez Belgique

Societe de Banque Suiss Union de Banques Suisser Deutsche Bank

Without prejudice to the terms of Article 74, §2, para 2 and §3 of the coordinated laws on commercial companies, shareholders who wish to be represented should use the form of proxy which is available on request. All proxies should reach the company's registered office as soon as possible and by Monday 16 May 1994 at the very latest, which date was laid down by the Roard of Directors in accordance with the terms of Article 20 of the Memorandum and Articles of Association

G. MESTRALLET - Chief Executive Manager

E DAVIGNON - Chairman

Brussels, 27 April 1994

Fighting fit and looking for aerospace deals

McDonnell Douglas is emerging from a harsh restructuring with its focus sharpened, writes Paul Betts improvement at

cDonnell Douglas, the US aerospace and defence group. has been building up financial muscle. It wants to put itself in a good position to take advantage of investment and acquisition opportunities for its core aerospace business.

We have conducted an overall analysis of our industry and identified areas of business where an acquisition would make sense," Mr John McDonnell, chairman, said. The company was consider-

ing internal investments to expand core businesses, as well as acquisitions "if an opportunity comes along at a reasonable price". However, Mr McDonnell said

that it was not seeking to make a hostile takeover In particular, it was interested in expanding its helicopter business and satellite

launch activities, Mr McDon-

Barely two years ago, the US company had planned to shed its helicopter activities as part of its restructuring and recovery programme. However, Mr McDonnell said it had now decided to keep this business

and expand it. He stressed, however, that the company was no longer interested in diversifying, and wanted instead to concentrate

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on strengthening its core McDonnell Douglas aerospace businesses.
"We've learnt our lesson. In the late 1980s, I was the prime advocate of diversification in

the company: now I'm the prime advocate for aerospace." he said. The company's sweeping restructuring programme, which has reduced the work-

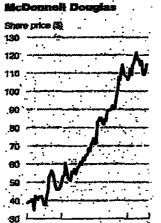
force from 135,000 in 1990 to 67,000 at the end of the latest quarter, has given the group a strong capital structure. A 20 per cent increase in first-quarter operating earnings, to \$259m compared with \$215m in the same period last

year, continued to help reduce

"We reduced net debt by more than \$400m in the first quarter, and our net debt-toquity ratio is now down to 0.36, which is one of the lowest in the industry - lower than that of our principal competi-tors, including Lockheed and Martin Marietta," he

The company's strong recovery has been reflected in a leap in the share price, from about \$48 at the end of 1992 to around \$120 this year. Mr McDonnell said the out-

look for the military aircraft business remained good. However, with continuing pressure on government defence budgets, he expected "a reasonably



stable" market rather than growth.

The big challenge for the company's military aircraft business remains the troubled C-17 large transport aircraft

The company reached a settlement with the US government at the end of last year over the Pentagon's purchase of an initial batch of 40 air-

Under the settlement, McDonnell Douglas has been placed on a two-year probation while it makes technical and managerial improvements to



meet the programme targets

would be about \$2bn in lost

sales a year during the next decade. "This programme will

account for about 20 per cent

of our government business in

the next decade," Mr McDon-

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tickets and receipts. Refills for the FT-pink

nell said.

John McDonnell: 'We've learnt our lesson

the programme. The agreement is estimated to have cost the US government \$348m and

McDonnell Douglas \$454m. This gives us until the end of 1995 to demonstrate we can deliver the aircraft on time, on spec, with high quality and at an affordable cost. If we do, it could lead to a programme of as much as 120 aircraft for the US Air Force and potential overseas sales to the UK and other countries, as well as some modest sales in the commercial market," Mr McDon-

However, if the C-17 failed to

national carrier, from Boeing and McDonnell Douglas. Mr McDonnell said Saudia was expected to complete its analysis of its fleet renewal and expansion needs "in the next month or two", and the company was hoping to win a "significant slice" of the order. It is offering its MD-11 three-engine airliner as well as the narrow-bodied MD-90 and MD-80 aircraft.

Mr McDonnell conceded that the world airline industry was continuing to have "a hell of a time", but he expected the airliner market to bottom this

"I do see signs that we are coming out of the depression. I've been through three cycles. People have speculated that we would go out of the commer-cial business. It hasn't happened yet and it won't and the Pentagon cancelled it, the cost to McDonnell Douglas happen in this cycle," he

The company intended to remain in its two niche markets in the commercial business, with its MD-11 wide-bodied and MD-80, MD-90 and the planned MD-95 narrow-bodied airliners.

Although the company is trailing Boeing and the However, Mr McDonnell said he had not abandoned the idea of forging an international alli-European Airbus consortium the commercial aircraft field, its prospects have been boosted by Saudi Arabia's deciance for the commercial aircraft business, with foreign partners acquiring up to 49 per sion to buy up to \$6.2bn worth of airliners for Saudia, its

First-quarter Dyno Industrier

By Karen Fossii in Osio

Industrier. Norwegian chemicals, explosives and plastics group, yesterday reported a sharp rise in first-quarter pre-tax profit to NKr130m (\$18m) from NKr75m, helped by increased demand and higher volumes.

Dyno expects the positive development to continue throughout the year, helped by the emerging economic recovery in European markets and a slight increase in coal produc-tion in North America, which will contribute positively to explosives activities.

First-quarter sales rose to NKr2.26bn from NKr1.91bn. boosted by a combination of growth in volumes, the stronger dollar and higher prices for a number of raw materials. Operating profit increased to NKr147m from NKr114m.

Dyno warned, however, that increasing prices for the

group's most important raw materials purchases could create pressure on margins for the remainder of the year.

• Vard, the troubled Norwegian cruise and ferry group.

has cut first-quarter pre-tax losses by more than half to NK-57.3m from NK-127.5m. The result was better than analysts had expected. Vard said the improvement was due to increased passenger volume for its ferries and reduced shore-side expenses and higher turnover for in cruise division.

Operating revenue rose to NKrl.Sbn from NKrl.6bn, Operating expenses increased to NKrl.58bn from NKrl.44bn leaving operating profit up to NKr96.7m from NKr11.08m.

Financial items charged against first-quarter accounts increased to NKr153.95m from NKr138.41m partly as a result of a rise in interest expenses to NKr192m from NKr130m in the same period last year.

Canadian Pacific in rail merger talks

Canadian Pacific plans to reach agreement with the fed-erally-owned Canadian National Railways (CN) for a merger of their eastern Canada railway systems late this month, said Mr William Stin-

son, CP's chairman. The deal could take effect from January 1 1996. Both sides believe the merger is the only way to deal with overcapacity in eastern Canada and federal officials support the strategy, Mr Stin-

son said after CP's annual

meeting in Calgary.
"Overcapacity is draining hundreds of millions of dollars yearly from both railways," he

"Trade routes have shifted more north-south and we have hundreds of miles of non-prof-

CP's western rail system, which has been expanded to carry rising volumes of export wheat and other commodities, is profitable and would not be part of the merger. A new company 50-50 owned by CP and CN would operate the eastern system from Manitoba to the

Maritimes "CP Rail's results must be brought into line with those of the best US railroads," said Mr

CP has sold assets to concentrate on rail and sea transport, oil and gas, coal, hotels and CP's first-quarter profit was C\$17.2m, or 5 cents a share,

after a C\$7m special charge, against C\$21.7m, or 7 cents, after a special gain of C\$28.5m a year earlier. Revenues were C\$1.6bn, against C\$1.47bn. Operating

income gained 45 per cent to

Fall at Aga fails to mar full-year outlook

Aga, the Swedish industrial gas group, is sticking to a forecast of higher profits this year. in spite of a slight weakening in its first-quarter perfor-

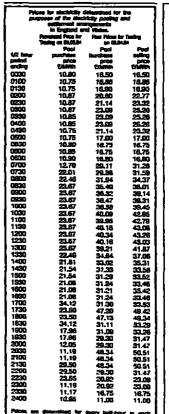
Income after financial items eased to SKr401m (\$52.7m) from SKr415m. Operating income was also lower at SKr366m, compared with SKr392m, although sales rose 4

per cent to SKr3.87bn. The group recently announced plans to spin off Frigoscandia, the world's leading cold storage chain, and obtain a separate listing for the company. The move is in line with its long-term strategy of concentrating on industrial and medical gases.

Pro-forma figures showed that gas operations achieved a SKr404m profit in the first three months, on sales of SKr2.96bn. In the same period of 1993, profit was SKr416m on sales of SKr2,73bn.

Most of the group's gas operations recorded higher operating income. This was attributed to improving economic conditions in the US and Nordic region. The European continent remained weak, how-

Frigoscandia had a slightly higher loss, of SKr3m com-pared with SKr1m, in what is always a weak period. The company's sales dropped 6 per cent to SKr924m.



DIVIDEND NOTICE PLACER DOME INC.

Notice is hereby given that a regular quarterly dividend, being Dividend No. 28 of six and one-half cents (61/2¢) U.S. per Common Share, has been declared payable on June 27, 1994 to shareholders of record at the close of business on May 27,

addresses in Canada or Australia will be paid the equivalent amount in the currency of their

> **BOARD** John A. Eckersley Vice-President, Secretary and General Counsel

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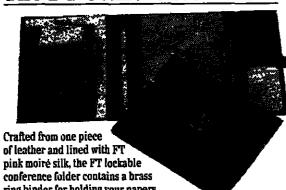
The FT Jotter Calculator Wallet

This is such a handy little item you will wonder why you have not used one before. A small black leather wallet which contains a detachable solar powered calculator on one side and an FT pink



jotter pad on the other. Included is a matching black and gilt ballpoint pen. Now you can note and jot down calculations wherever you are. Includes two inside pockets for your notes. Size: 82mm x 110mm x 5mm.

The FT Conference <u>Folder</u>



conference folder contains a brass ring binder for holding your papers securely. A4 note pad and a small jotter pad. There are loops for pens and different sized pockets for papers and business cards so everything is kept neatly together. Supplied with a key. Refills for the A4 note pad and jotter are readily available. Size: 320mm x 254mm x 32mm.

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The FT Billfold Wallet

This very practical wallet is made from supple soft black leather and fits easily into a jacket or hip pocket. Inside, there are two full length pockets to hold bank notes and a secure pocket for loose change or keys. It is also the perfect size for business cards. There are spaces for 5 credit cards and a see-through pocket for an ID photo card.

Size: 110mm x 95mm x 11mm.

The FT Travel Organiser

An efficient, effort saving companion that finally solves those irritating problems we all experience from time to time. When passport and boarding card have separated and sterling is mixed with deutchmarks. When that important receipt is

nowhere to be found and all your coins from all your travels have decided to meet together, what do you do? The FT Travel Organiser is the solution. It keeps all vour travel documents

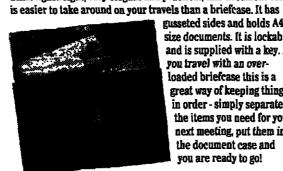
safely and efficiently close to hand. Made from rich black leather it has pockets for your passport and boarding card and a detachable section for your

traveller's cheques. There are pockets for your currency and even detachable zipped pockets for your loose change plus further pockets for receipts and notes. (No gilt corner guards on this item.)

Slim, lightweight, very elegant and practical, this document case

Size: 232mm x 127mm x 19mm.

The FT Document Case



gusseted sides and holds A4 size documents. It is lockable and is supplied with a key. If you travel with an overloaded briefcase this is a great way of keeping things in order - simply separate the items you need for your next meeting, put them in the document case and you are ready to go!

Size: 335mm x 240mm x 5mm.

The FT Business Card

Holder This is a super black leather desk accessory that you can leave back at the office when you are travelling but one you will want to use the moment you return. An executive's business card holder with a capacity to hold up to sixty cards, in see-through plastic pockets. Size: 135mm x 213mm x 10mm.

CODE: BCH

April 28, 1994

Shareholders respective countries. BY ORDER OF THE



Kemper curricano

KEMPER STOCKHOLDERS BEWARE

GENERAL ELECTRIC HAS FINALLY DISPLAYED ITS TRUE COLORS!!

GE has tried to insist all along that the GE slate was nominated solely to serve your interests as Kemper stockholders. But GE's threat to withdraw their proposal if GE doesn't get its way confirms that their nominees have only one agenda— to force the sale of Kemper at GE's inadequate \$55 price—and to serve only one master, General Electric, with its selfish objective of depriving you of Kemper's potential.

THINK ABOUT IT—WHO SHOULD YOU TRUST?

Kemper has consistently stated its confidence that Kemper's restructuring efforts will lead to values in excess of GE's hostile bid. We underscored our conviction with the pledge to you announced yesterday.

In contrast, GE apparently will say anything to get what it wants.

In March, GE's message was, "We are fully committed, as an institution, to proceeding with a transaction that could create maximum value for Kemper's employees, customers and shareholders."

Last week, GE's message was "We have the money available to pay for any price we agree to."

This week's message: \$55 or Nothing!

DO NOT BE BULLIED OR FOOLED

GE says Kemper stockholders must decide *now* if you want to sell your Company for the inadequate share price of \$55. Do you really want to force a sale at GE's low-ball price?

The real issue is: Who Should Reap the Rewards of Kemper's Successful Restructuring—General Electric or You?

PLEASE SIGN, DATE AND MAIL THE WHITE PROXY CARD TODAY

= IMPORTANT

Even if you have already returned the BLUE proxy card to General Electric Capital Corporation, you have every right to change your vote by completing, then signing, dating and returning, a WHITE PROXY CARD. Only your latest dated proxy card counts.

If your shares are held in "street name", only your bank or broker can vote your shares. Please contact the person responsible for your account and instruct him or her to vote the WHITE PROXY CARD as soon as possible.

If you have any questions or need further assistance in voting your shares, please call Kemper Corporation's proxy solicitor, **GEORGESON** & COMPANY INC. (toll free) at 1-800-223-2064.



Maanshan Iron and Stee Shanghal Petrochemical Tsingtao Brewery Guangzhou Shipyard Beiren Machinery

Kunming Machine Tool

economic activity.

tion among the financial com-munity that the mainland is

poised for a sharp slowdown in

bother to offend people? If you did not collect receivables you

just made borrowings - it was

the same thing. Now it's a dif-ferent story. The H-share com-

panies have become alien to

other state-owned enterprises:

they are forcing them to pay back their debts, so relations

are not going to be that smooth

growth in sales at four of the

six companies - Beiren Print-ing, Kunming Machinery,

Maanshan Iron and Steel and,

most dramatically, Tsingtao

Brewery where a 35 per cent

increase in sales year-on-year

has resulted in a 230 per cent

jump in money owed to it.

The brokerage calculates

the increase in debtors

has outstripped the

DIVIDEND ANNOUNCEMENT At the ordinary General Meeting of Shareholders held on 5 May 1994 a dividend for the financial year ended 31st December 1993, was declared at NLG 0.50 per Ordinary Share of NLG. 10,-

The dividend will be payable in cash as of 26th May 1994. Such dividend payment is subject to deduction of 25% Netherlands Withholding Tax. CF-shares: The dividend payment in the UK will be made through the Company's paying agent, Hill Samuel Bank Ltd., 45 Beech Street, London, EC2P 2LX, to the CF depositaries in the UK in accordance with their respective positions in the books of the CF Amsterdam on 5 May 1994 at the close of business.

K-shares: Information about dividend payment in the UK will be given by Hill Samuel Bank Ltd., 45 Beech Street, London EC2P 2LX.

Payment of the net guilder amount of dividend will be made in sterling at the rate of exchange ruling on the date of payment.

UK holders of CF-shares are reminded that the 25% Netherlands Withholding Tax may be reduced to 15%, if payment is made to residents of the United Kingdom (Great Britain and Northern Ireland with exception of the Channel slands and the Isle of Man) or to residents of Aruba, Austria, Australia, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, India, Ireland, Japan, Luxembourg, Netherlands Antilles, New Zealand, Norway, South Africa, Spain, Sweden and the United States of America, who deliver the appropriate Tax Declarations to Hill Samuel Bank Ltd. The Netherlands Withholding Tax may be reduced to 20 per cent if payment is made to residents of Indonesia and Surinam who also deliver the appropriate Tax Declaration to Hill Samuel Bank Ltd.

Eindhoven 6 May 1994

The Board of Management



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PHILIPS

This Notice is important and requires the immediate attention of Holders of Notes.

St Paul's Vista Limited 7.30% Secured Notes due 1995 (the "Notes")

Notice of changes of Principal Paying Agent and Paying Agent

St Paul's Vista Limited hereby gives notice to holders of the Notes that St Paul's Vista Limited has, with effect from 5.00 p.m. in London on 10th June, 1994, terminated the appointment of The Chase Manhattan Bank, N.A. as Principal Payling Agent and the appointment of Chase Manhattan Bank Luxambourg S.A. as Principal Payling Agent and in their places has appointed Chase Manhattan Bank Luxambourg S.A. as Principal Payling Agent and The Chase Manhattan Bank, N.A. Banko Assert Agents will be:

PRINCIPAL PAYING AGENT

ese Manhattan Bank Luxembourg S.A. 5 Rue Plaetis, L-2336 Luxembourg

PAYING AGENTS

The Chase Menhattan Bank, N.A. Woolgate House London EC2P 2HD

Banque Bruxell Lambert S.A. 24 Avenue Marnio

Chase Menhattan Bank (Switzerland) 63 Rue du Rhône, CH-1204 Geneva, Switzerland

For and on behalf of St Paul's Vista Limited By: The Chase Manhattan Bank, N.A. Principal Paying Agent

6th May, 1994



Bank Austria posts sharp rise but cuts payout

By Patrick Blum

Bank Austria, the country's largest bank, yesterday reported a sharp rise in operat-ing profits but will pay a reduced dividend of 8 per cent, compared with 10 per cent in 1992, as part of further efforts to improve financial resources and enhance competitiveness.

Partial operating profits dou-bled to Sch4.2bn (\$347m) from Sch2.1bn in 1992, helped by further measures to reduce costs and additional synergies from the 1991 merger of Oesterreichische Länderbank and the city of Vienna's Zentralsparkasse savings bank to form Bank Austria.

Profits before allocations to reserves at Schl.32bn were broadly in line with the Schl.29bn earned in 1992. Operating expenses declined

by almost 7 per cent, mainly

due to a 15 per cent cut in

labour costs, and the one-off effect of a reform of the company's pension scheme.

The domestic branch network was reduced by 15

more will be closed this yes Provisions against bad debts were reduced by almost onethird from 1992 to about Sch4bn "despite the problems faced by the Austrian economy, and bankruptcies climbing to an all time high", the bank said.

Primary funds totalled Sch332.9hn, with private household savings deposits accounting for 48.5 per cent of the

The bank continued to expand in central and eastern Europe. It now has subsidiaries in the Czech Republic, Hungary and Slovenia, and became the first foreign bank to open an operational branch office in Moscow.

Bank Austria recently completed its takeover of GiroCre-dit, Austria's third largest bank, by raising its stake to 56 per cent from 30 per cent.

The move is expected to lead to further rationalisations at Bank Austria and GiroCredit. which will become more focused on servicing the

Nedcor income ahead 16% after six months

By Mark Suzman in Johannesburg

Nedcor, the South African banking group, yesterday announced a 16 per cent rise in net income to R271m (\$80m) for the six months to March, up from R234m a year ago. The interim dividend has

been increased to 29 cents from 25 cents, while earnings per share rose to 139 cents from 121 cents. Overall interest income rose to R3,39bn from R3.12bn, and was helped by growth in both loans and advances. Other income rose 16 per cent to R653m from R562m. Mr Richard Laubscher, chief executive, said the improvement was chiefly the result of very good volumes"

Results were also boosted by a 14 per cent reduction in pro-

vision for bad debts to R103m compared with R120m last year. This was partially offset by a 21 per cent increase in the tax burden as a result of an increase in value added tax.

The group's best performer was its UAL financial services division, which increased net income by 25.4 per cent, rising to R32.1m from R25.6m.

Mr Laubscher said he was "much more positive" about prospects for the economy after the elections. He singled out the Perm,

Nedcor's main home-loan arm, and said that it was exceptionally well placed to take advantage of further growth in the black market, particularly as the new government pursues its reconstruction and development programme in the townships.

Bajaj Auto in cash call scheme might be taken, or who

By R.C. Murthy in Bombay

Bajaj Auto, India's largest producer of motor scooters, has announced plans for a \$250m

Part of the proceeds could be used to finance plans to produce low-cost cars. Mr Rahul Bajaj, chairman,

said he hoped to begin by making 50,000 cars a year, later increasing to 100,000. Mr Bajaj did not say when the final decision on the

the potential foreign partners might be. However, the company is unlikely to go into production before the end of the decade.

The announcement came as Bajaj Auto reported full-year net profits up sharply to Rs1.46bn (\$46.6m) from Rs520m. due to strong exports, tight control on interest charges, and reduced provisions for depreciation.

er the following agenda:

Approval of the 1993 financial states Dividend

General Meeting Report of the Dire Ordinary Meeting

Extraordinary Meeting

the Supervisory Board, to:

The company said operating expenses in the first quarter Sales overall rose 28 per cent grew 21 per cent to 3.51bn to Rs16.5bn.

CARNAUDMETALBOX

Head Office: 153, rue de Courcelles - 75017 PARIS

RCS Paris B 775 721 996 NOTICE OF MEETING The shareholders are hereby informed that a General Meeting (Ordinary and Extraordinary) will be held in Paris (75016) at Pavillon d'Armenonville, Allée

s, Bots de Boulogne, France, on 2nd June, 1994 at 11 am to

Société Anonyme à Directoire et Conseil de Su with a capital of FRF 812 881 410

Chinese stocks lose their shine

Caution is the watchword, write Simon Holberton and Louise Lucas

asm for "China Inc" that was so much in evidence last year has given way

Since the beginning of the year the share prices of the first clutch of Chinese state companies listed in Hong Kong the H-share companies have come under pressure, which has become especially acute as they have reported their earnings over the last

Since the beginning of the year, the Hang Seng Index has fallen 31 per cent. But the share price of Guangzhou Shipyard has slumped 54 per cent, and those of Maanshan Iron and Steel and Shanghai Petrochemical by 45 per cent and 36 per cent respectively.
Only Tsingtao Brewery has

outperformed the market, falling by 29 per cent since the start of the year.

Mr Ravi Narin, head of Hong Kong research at Peregrine Securities, a local brokerage, says: "We've told investors to sell all of them. They had been pushed up to ridiculous levels. We don't like them on relative valuation basis; we have questions about their currency exposure; and their managements and businesses are largely unknown."

In spite of impressive-looking earnings reports for the H-share companies - Maanshan's profits rose 431 per cent and Tsingtao Brewery's rose more than 300 per cent - investors looking ahead to an uncertain year in China and studying the fine print of the reports are concerned.

Investors have also been taken aback by some novel accounting practices - such as taking "below the line" items which a western company might allocate above it, such as welfare provisions akin to funding a pension scheme. There is a growing apprecia-

PLDT declines

higher revenues

Philippine Long Distance

Telephone (PLDT), the coun-

try's dominant telecommunica-

The company said higher

capital spending, mostly

related to its programme to

meet an estimated 800,000

applications for telephone

lines, led to the lower earnings.

industry analysts had fore-

cast slower profits growth for

PLDT, which faces keener com-

petition from rivals in the

newly deregulated industry.

12.8% despite

By Jose Galang in Manila

4.78bn pesos.

Mr Ho says difficulties in debt collection can be exacerbated by the very privatised status which underlines H-share companies' accountability to shareholders. In accumulate these reserves

China the companies are perceived to be cash rich and, as such, come bottom of the list to be paid off.

China's companies in Hong Kong: Profits after tax (Yn m)

But it also reflects a sys-Also causing concern are signs that the Chinese governtemic problem in corporate China. State owned companies ment's policy of economic across the board are flounderretrenchment has begun to ing, giving rise to the re-emerbite, showing up in the sharp, and to some alarming, rise in gence of "triangular debt". This is a peculiarly Chinese debts owed to the H-share phenomenon which afflicts the state-owned sector and was Mr C.Y. Ho, head of China research at Credit Lyonnais Securities Asia, says: In the meant to have been eradicated by Mr Zhu Rongji, now China's economics minister, after a past it was a question of 'why

> lem in 1992. The inability of one company to pay its debts feeds straight through the system of corpo-rate relationships: company A cannot pay back company B until it receives payments from company C. Those companies with cash are making loans to each other, commanding interest rates in excess of 25 per cent. Tsingtao has lent a total Yn263m (US\$20m) to other Chi-

high-profile attack on the prob-

nese companies. Another aspect of the latest H-share reports which has raised eyebrows is the treatment of certain transfers from the profit and loss account. The H-share companies are required to transfer 10 per cent of their after-tax profits (before distribution to shareholders) to a "collective welfare fund" and another 10 per cent to a "statutory surplus reserve", a form of compulsory retained earnings. H-share companies have to

until they equal half the paid up capital of the company. The "collective welfare fund", which is also defined as "shareholders' funds" is for the bene

Change on 1982 (%)

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fit of the work force. All of the H-share companies are the creations of merchant bankers and had no independent existence before the Chinese government decided they would be listed on the Hong Kong stock exchange. Companies such as Shanghai Petrochemical and Maanshan Iron and Steel were (and still are) industrial towns with integrated social services which the welfare funds support.

t is a fine point whether the collective welfare fund should be treated as an expense, and therefore above the line, as it represents some of the costs of doing business in China for these companies.

In any event, it appears that the heyday for H-share companies is over for the time being. The interest generated in China stocks was partly due to their scarcity, but their rarity value is about to be eroded as 22 more state companies are listed in Hong Kong - 17 of which will have their primary quotation in the colony.

In a market notorious for its short-termism, stock market analysts now say that mainland companies are for those investors with a long-term view. That is Hong Kong's way of saying "sell now and buy

NSW authorities will award Sydney casino licence today

The New South Wales Casino Control Authority will today announce the winning bidder tions company, yesterday reported a 12.8 per cent drop in first-quarter profits to 9123m pesos (\$32.9m), in spite of a 10 casino in Sydney. The contest has come down

per cent rise in revenues to cus Circus, the large US casino operator, acting in conjunction with Mr Kerry Packer, the Australian businessman, and Showboat, a smaller US gaming company, which is partnered by Leighton Holdings, the Australian property and construction group.

The Sydney casino is the last prize in a string of Australian gaming developments which could lead to a trebling of the nation's casino industry revenues by the late-1990s. Developers have been chosen

for new casinos in Cairns, Brisbane, and Melbourne - all of which will come on stream annual gross gaming revenues from those projects, plus Syd-A\$1.25bn (US\$886m)

The operator of the Sydney casino will have to pay more than one-fifth of all revenues from table games, up to A\$200m, and 22.5 per cent of gross revenue from "gaming Table game revenues which

top A\$200m will attract a 'super" profits duty, which rises progressively to a maximum rate of 45 per cent.

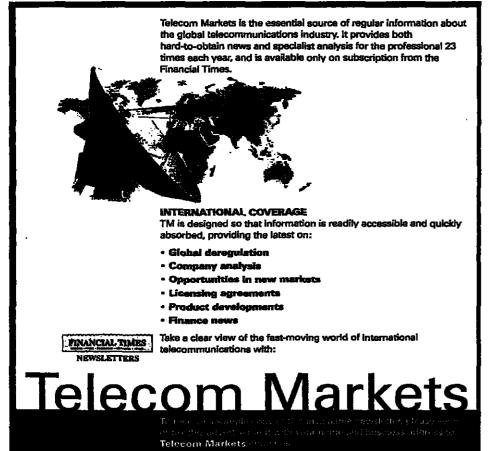
The CCA says annual income from the property should be about A\$100m,

although this may be a conservative estimate. The developer will hand over

over the next three years. a "once-only, non-refundable According to consultants at lump-sum payment" when the for the right to develop a Price Waterhouse, the total casino licence is granted. "The benefits to the state arising out of the size and proposed timing to a two-way fight between Cir-ney, could amount to about of the payment will be significant factors in the CCA's assessment of the applications," the hidding terms state.

Some critics argue that New South Wales has gone too far and the aggressive structuring of the tax-take from the Sydney property will mitigate against a high-roller type of casino, and encourage the developer to pursue a more

downmarket operation.
This is thought to be the rea son why a number of big US gaming groups backed away from bidding.









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a) increase the share capital through the capitalisa ate pres b) issue, with or without exercise of existing shareh obscription rights: cash shares, with or without warrants convertible bonds, with or without warrants bonds with warrant

Agreements governed by Article 143 of the French Companies Act Renewal of the mandate of a member to the Supervisory Board

Authorisation to be given to the Company to trade in its own shares on the stock market, in order to stabilise the price

Approval of the contribution by CarnaudMetalbox Finvest S.A. to

Authorisation to be given to the Directoire, subject to the prior approval of

CarnaudMetalbox of 1,722,303 AMS Packaging shares and subsequ

To be entitled to attend, to be represented or to yote by corr

tion to be given to the Directoire to grant stock options to the

Holders of registered shares must be recorded in the register at least five days before the date of the Meetir Holders of bearer shares must deposit at DEMACHY WORMS & Cle (55, rue La Boétie - 75008 Paris France) at least 5 days before the date

of the Meeting, a certificate evidencing that the shares have been deposited with sutherised intermediaries until the date of the Meeting. The form of proxy/postal vote must be received by BARCLAYS REGISTRARS, Bourne House 34 Beckenham Road, Beckenham, Keni BR3 4TU at least 5 days before the date of the Meeting.

Another person may only represent a shareholder at the Meeting if he is himself entitled to attend the Meeting, or is the spouse or legal representative of the shareholder.

LE DIRECTOIRE

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star tax (Yn m)

and Sara Webb in London

US Treasury prices were mixed yesterday morning, with the market gaining meagre support from a stronger dollar and data which suggested the chance of favourable news in today's pivotal employment

By midday, the benchmark 30-year government bond was & better at 871, with the yield slipping to 7.319 per cent. At the short end, the two-year note edged is lower to 99%, to yield 5.855 per cent.

The focus of attention was squarely on today's figures on April non-farm payrolls and the unemployment rate, which will give the market its first comprehensive reading on the strength of the economy in the early part of the second quarForecasts centre on a payroll increase of 170,000, and an unemployment rate of 6.5 per

Yesterday's announcement of rising claims for unemployment benefit last week was marginally encouraging for fixed-rate investors, who are looking for indications of weak inflationary pressures. The good news was offset by the announcement that unit labour costs jumped 5 per cent in the

Trading was largely confined to professional dealers, who were squaring their positions ahead of today's data. Improvement in the value of the dollar against the yen and D-mark was helpful in the early going, but most traders were content to remain on the sidelines. Their overriding concern

remained the likelihood of an

the fourth time this year, perhaps as early as this morning.

The Spanish government bond market bounced back up yesterday to end over a point higher, recovering part of the losses made in the previous two days.

GOVERNMENT BONDS

The market saw sharp declines of over a point on Tuesday and Wednesday as further news about the political corruption scandals triggered more selling, particularly by foreign investors.

Mr Felipe González, the Spanish prime minister, was

forced to respond to political

attacks about the recent scan-

dals at a press conference.

the Bank of Spain, was arrested late on Wednesday and charged with tax fraud. Yesterday saw some renewed buying interest in Spanish paper, inspired mainly by the realisation that Spanish 10year yields were hovering close to 10 per cent, while the yield

spread over 10-year German

paper had widened out to well

over 300 basis points.

Hellenic Republic FRN meets strong demand

Rubio, the former governor of

scandals.

"At close to 10 per cent yields, people felt there was relative value out there," said Mr Jouni Kokko, international economist at S. G. Warburg

The Spanish government bond futures contract quoted on Meff opened at 94.00 and

ters have resigned in recent the session, before climbing government bond prices days in connection with the steadily back up to a high of mostly followed bunds in the 95.67 and ending the day at Meanwhile Mr Mariano

> ■ The strength of the German economic recovery provided the main focus of attention in the German government bond market again, with some mar-ket participants wondering whether independent German economists are likely to revise their growth forecasts upwards

"The rise in unemployment was smaller than expected, and we continue to see signs that the German economy is recovering," said one

The Liffe bund futures contract opened at 94.39, fell to a low of 93.77, and then climbed back up to a high of 94.44, set-

course of the day, despite a 10basis-point cut in the intervention rate, from 5.70 per cent to

5.60 per cent. Dealers said the Treasury's auction of stock yesterday was generally well-covered, but they were disappointed at the yields accepted. The Treasury sold FFr13bn of 10-year stock with a 5.5 per cent coupon at an average yield of 7.09 per cent. The notional futures contract opened at 119.48 and set-tled at 119.24.

■ UK gilts bounced back to end a point higher on the day, although dealers said the recovery in prices was technical. The gilt market will be focusing on the outcome of the local elections and the US data

a 153 per cent increase over the previous year. It produced 24.21m tonnes of crude during

ONGC sticks to Euro-issue plan

India's Oil and Natural Gas pany hoped to make its domes-Corporation (ONGC) intends to go ahead with planned domestic and Euro-issues despite the decision earlier this week by Videsh Sanchar Nigam issue] in the latter part of the year," he said. (VSNL), the telecommunications monopoly, to postpone its planned \$1bn Euro-issue, the

company chairman said. Reuter reports from New Delhi. "We are going to place in the market shares valued at Rs30bn. Half of it will be in the domestic market and the rest in the international market," said Mr S.K. Manglik, ONGC's chairman.

State-owned ONGC one of Asia's largest oil exploration firms, was converted into a public limited company on February 1. Formed in 1959, it employs 48,000 and has assets of Rs89.4bn.

The company made a record net profit of Rs20bn in 1993-94,

Mr Manglik said the com-

tic issue around June or July. "We are thinking of going in for the international GDR [Global Depositary Receipt

"As of today, we have no intention of changing our plan but we will be alive to the environment and keep a watch." he said. "After all, who expected VSNL, which is a very good company, to bomb like this?"

he added.
The VSNL Euro-issue of GDRs, certificates representing domestic equity, was to have been priced on Tuesday after roadshows around the world. However, the ambitious offering, riding on the back of India's economic liberalisation programme, fell victim to falling global interest in emerging markets after the US Federal Reserve Board raised interest

ONGC sources said the domestic price for a share was expected to be fixed around

ADB outlines 1995 funding strategies

The Asian Development Bank (ADB) may launch a global yen issue in 1995, and may also spearhead the first bond issue in Taiwanese dollars this year as part of its new funding programme, a bank official said,

Reuter reports. Mr Erkki Jappinen, the ADB's assistant treasurer, said the 55-member bank aimed to raise up to 20 per cent of its \$2.8bn funding target this year through the structured placement market.

"We have two new approaches to our funding strategy this year - issuing global bonds and the placement plan," he said in Nice. where the bank is holding its annual conference.

Bankers said the structured placement plan would bring the ADB into the rapidly-expanding market for issues involving options or swaps.

WORLD BOND PRICES

By Conner Middelmann

Greece's long-awaited D-Mark offering provided the highlight of another torpid day in the

Eurobond markets. As expected, the Hellenic Republic issued DM1bn of seven-year floating-rate notes, with a call and a put option after five years.

INTERNATIONAL BONDS

Paying a coupon of six-month Libor plus 75 basis points, the notes were priced at a discounted margin of 112 basis points over Libor at their 98.42 re-offer price. CS First Boston and Deutsche Bank were joint lead managers.

According to one of the leads, the issue met strong demand from German and Aus-

taxation agreement with Greece. Some UK and east Asian demand was also reported.

Empresa Distribuidora Sur (Edesur), an Argentine electricity distribution company, issued \$150m of two-year floating-rate notes paying a coupon of three-month Libor plus 395 basis points and carrying a call option in May and November

According to lead manager Chase investment Bank, the deal met with healthy demand from investors keen on highyielding short-term floatingrate paper. Primary market activity is likely to remain subdued ahead

of today's US April jobs data,

and is expected to be further

crimped by next Thursday's Ascension holiday in most parts of Europe. However, there is some talk trian investors who benefit of further short-dated dollar from their countries' doubledeals as well as yen issues tar- After Moody's disappointing has improved over the last four

NEW INTERNATIONAL BOND ISSUES Helienic Republic(c): 98.42R May.2001 0.35R

Final terms and non-callable unless stated. The yield opreed (over relevant government bond) at launch is supplied by the lead manager, :Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level, a) Catable on 17/5/95 and 17/1/95 at per, b) 3-mth Libor +3.95%, c) Catlable and puttable on 18/5/99 at per and callable on coupon dates thereafter at per, d) 6-mth Libor +3.95%.

when they return from the Golden Week holiday. ● IBCA, the European rating agency, issued its first credit ratings for Depfa-Bank, Germany's largest mortgage bank. It awarded Depfa's unsecured Eurobonds a double-A rating and its mortgage bonds and

ties a triple-A rating. Denfa commissioned the IBCA rating after receiving an unsolicited Aa3 Eurobond rating from Moody's in February.

government-guaranteed liabili-

geted at Japanese investors rating, "we are pleased about our double-A rating" from IBCA, said Mr Gerhard Bruckermann, chief financial officer.

Depfa's lending activities are substantially German-based, long-term and mostly to the public sector. Since the main part of its business is subject to the German mortgage law, its profits are low compared with those of the commercial banks. However, according to IBCA, the quality of its lending

is higher. Moreover, its profitability

years, and this trend is continuing. Depfa has about DM60bn in mortgage bonds and some DM5bn in Eurobonds

outstanding. • Standard & Poor's lowered its rating on the long-term debt of the Province of Newfoundland and on the provincially guaranteed debt of Newfoundland & Labrador to triple-B plus from single-A minus. Some \$2bn of debt is affected. The new rating is equivalent to Moody's Baal rating of the province, which was confirmed

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Up to 5 yra Over 5 yra

Gay Evans appointed chairman of ISDA

By Tracy Corrigan

The International Swaps and Derivatives Association (ISDA) has elected Ms Gay Evans, managing director of Bankers Trust International in London, as its new chairman, replacing Mr Joseph Bauman.

She will hold the position for a year. Ms Evans has been an officer on the ISDA board for four years, and chaired the association's regulatory committee in Europe. Mr Mark Brickell, a

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vice-president of J. P. Morgan,

8.17

aging director of Merrill Lvnch. were elected vicechairmen. Both are based in New York.

Ms Evans said ISDA would focus on two main areas. "We will press forward on our educational efforts with regulators, legislators and our other constituencies around the world. Increasingly, these efforts will involve derivatives

end-users," she said. "At the same time, we will continue to fulfil our long-standing mission to assess and reduce sources of risk in and Mr Chip Goodrich, a man- the derivatives industry.

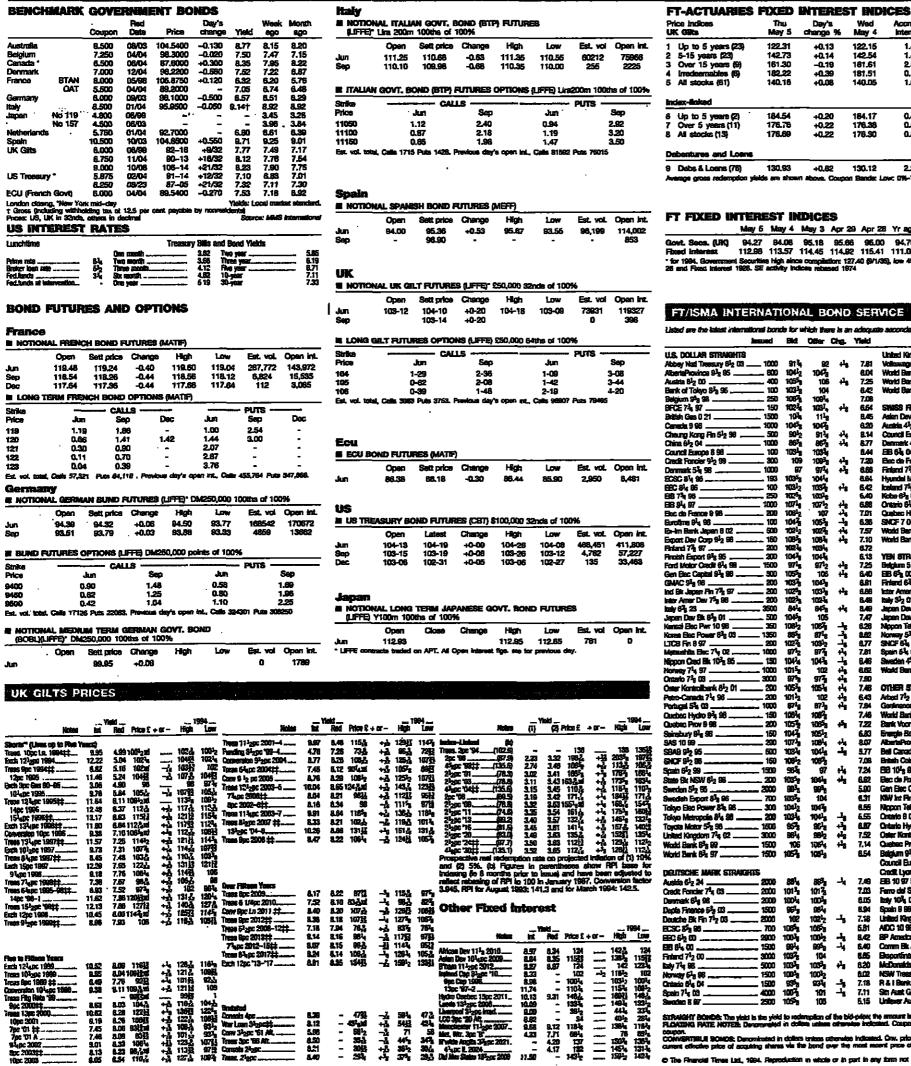
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| | arage gross redemption yields ar | स्ट क्षे राज् य | | | | | | : High: 1 | 1% and | over. † | Plest yie | |
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flotation value of Healthcall, the doctors' depu-

tising service, has been cut to

B&J counter proposal expected

By Andrew Bolger

Pepkor, the South African retailer, is expected today to offer to inject up to 260m into Brown & Jackson, which owns the troubled Poundstretcher chain of variety discount

The Pepkor offer is likely to be backed by the B&J board, which last month recommended acceptance of a rescue deal with the Weisfelds, the millionaire couple who created the What Everyone Wants discount clothing chain.

B&J shareholders are due to vote at an EGM on Monday on the plan for Mr Gerald and Mrs Vera Weisfeld to Inject an initial £6m to meet the lossmaking group's immediate

The impact of a falling UK stock market

has forced Lombard Insurance to reduce

The company yesterday announced it will issue £33m of shares through a plac-

ing and intermediaries offer valuing it at

£57m, compared with the initial target of

At the issue price of 160p, the shares are being sold on a p/e of 9.3 and dividend

yield of 6 per cent, based on the prospectus

forecast of pro forma 26.2m profits for the

Even at the reduced price, brokers said

return for a 19 per cent stake and two seats on the

However, Peokor executives have continued talking to B&J and last night were still negotiating details of their counter-This would involve an imme-

diate cash injection of up to 220m, in return for an eventual deal is unlikely to involve any offer to existing sharehold-

Sources close to the talks dismissed a report that Pepkor would launch a hostile £50m bid and described the 8p per share mentioned as "far too

B&J's shares last night

closed 1p higher at 6%p, valuing the group at £42m.

Pepkor is Africa's largest

deficit.

predominantly black customer Although its international presence has been hitherto restricted to Scotland, where it operates a number of outlets under the Your More Store name, it has been looking for further international acquisi-

mass-market retailer. PEP, the

group's core business, sells to a

B&J has been struggling to recover since the £16m rescue rights issue which brought However, poorer than expected trading last Christmas led to a profits warning in January. In March the group

1993, against expectations prior to the warning of a £4m

The Weisfelds' proposal was their first business venture since they unexpectedly left Amber Day, as WEW was then known, just eight months after selling the chain to Amber Day for \$47m in 1990. Since then, the Weisfelds, who sold their 15 per cent stake in Amber Day for £11m. have devoted most of their time to charity work.

Mr Weisfeld was not surprised by Penkor's intervention, but said: "What do they know about British retailing They are last-minute people. who have been flushed out by our bid. Where were they when

the company was going bust?" Lombard forced to cut float price

anticipated impact of weakening bond and equity prices Mr Andrew Laing, managing director, said there was no downward pressure on premiums, as "so much capacity went out in 1991 and 1992, that there is no appetite for competition for the sake of it". Lombard will raise £16m after expenses

the reception had been lukewarm,

reflecting concerns over increasing compe

tition in the insurance market, and the

and the redemption of preference shares. The management buy-out team, which purchased Lombard from its parent Continental Inc in May 1993 for £32m, will also The shares begin trading on May 13.

Lombard is focused on the lower risk portion of the general insurance market, and has taken no exposure to London, let alone the US. The management is confident that it offers limited risk at good time of the cycle, but Lombard is in the sector of the market where everyone wants to be, and competition is tightening. Having been reduced by 10 per cent, the issue price looks more attractive, but institutions have shown little appetite for the placing. The shares look set for a lacklus-

ЛВ's Swiss link forms new Lloyd's agency

By Richard Lapper

JIB Group, the insurance broker in which Jardine Matheson has a majority stake, is to join forces with Swiss Bank Corporation to form a new independent Lloyd's members' agency -Jardine Lloyd's Advisers.

The business, which will have an initial paid up capital of £1m, will take over and develop the business of Jardine Limited, JIB Group's existing members' agency.

Jardine Limited, one of the

Lloyd's, handles the affairs of Names whose underwriting capacity amounts to £294m. Jardine Limited will receive

all profit commissions relating to the transferred capacity for underwriting years of account up to and including The parties will subscribe

equally for their shareholdings in the new company, with 15 per cent of new capital available for management participation by way of subscription and options.

| DIVIDENDS AN | IVIDENDS ANNOUNCED Corres - To | | | | | |
|---------------------|---------------------------------|--------------------|---------------------|-------------|-----------------------|--|
| | Current payment | Date of payment | ponding dividend | for year | Total last year | |
| Bank of Scotlandfin | 3.18 | July 12 | 2.8 | 5.05 | 4,57 | |
| BMSS §fin | 1.5 | July 6 | 3 | 3 | 3 | |
| Body Shop Intlfin | 1.25 | July 14 | 1.02 | 2 | 1.7 | |
| BPht | 2.5 1 | - | 21 | - | 8.4 | |
| CSC Inv Tstfin | 4 | June 24 | 2.5 | 5.5 | 4 | |

Dividends shown pence per ahare not except where otherwise stated. †On increased capital. §USM stock, **Tirst Interim.

Capitol raising £1.5m via 3m share placing

Capitol Group, the specialist security company, has placed 3.2m shares at 125p through sponsors Granville Davies; dealings in its shares will commence on May 17.

The company, capitalised at £11.5m, provides a range of security services, including fraud investigation, and port and ferry security. Capitol has raised £1.5m

from the placing, which will be used to fund strategic acquisi-

In addition, Mr Ken Dulieu, the founder, will receive £2m of the proceeds, reducing his shareholding from 85 per cent to 59 per cent. The shares are being issued

on an adjusted p/e ratio of 15.1, based on profits of £1m for the year to March 1994 Mr Dulieu said that the port

and ferry business had been the main source of earnings growth in the past two years, but this was now being overtaken by the increase in fraud investigation work, particularly in the City.

Hamleys allocations

Hamleys, the leading toy intermediarles offer element of its flotation was 3.76 times subscribed, and applications had been scaled down. Dealings in the shares begin today.

More than 3.6m shares were available under the offer, but the company said it had

received applications for more than 13.6m.

Some 21,500 shares were allocants, with applications satis-fied in full. Intermediaries who made valid applications were allocated 26.48 per cent of the shares they applied for.

A price of 185p a share val-ued Hamleys at a higher-thanexpected £42.3m.

Body Shop maintains Healthcall recovery with £29.7m

Body Shop International ed its profits recovery, yesterday reporting a rise at the pre-tax level for the year to end-February from £21.5m to £29.7m, more than reversing the decline of the previous 12

commitment to remaining with

The figures went some way

to allaying investors' fears that

Body Shop was failing to

counter competitive pressure

in its home market. Compara-

ble store sales in the UK were

level in the year, after a fall of

6 per cent last time. Further, the growth in inter-

national profits reduced the

UK's contribution to group

operating profits to under 38

During the year the group opened 6 shops in the UK, tak-

ing the total to 239, out of a

group-wide increase of 153 to

Group turnover rose 16 per

cent to £195.4m, while total

retail sales, including franchi-

The shares rose 20p to 234p. £58m from initial estimates of Mr Gordon Roddick, chair-£70m as the new issues market man, said the current year had started well with "strong growth in all of our major mar-The company is issuing fewer new shares than expected and the price is more than kets". He also said the group 10 per cent lower that hoped for last month. planned to change its Memorandum of Association "to crystallise the principles and Mr Maurice Henchev, chief executive, said: "Institutions values of our business".

Body Shop.

oer cent.

1,053 shops.

liked the company, but they have been inundated with new He said this would mean that if the company was run at some future date by people issues. In the circumstances with different business ethics we did remarkably well." He added that, with few shareholders would "have a hook to hang them on". He stressed this did not mean he existing shareholders selling, "the most important thing was to allow a lot of scope in the and Mrs Anita Roddick, managing director, had any less

He said pricing had not been affected by expected government moves to reduce the outof-hours burden on family doc-

The shares have been priced at 105p, equivalent to 14.9 times last year's earnings from the group's continued healthcare operations. The notional yield at the issue price is 4.8 per cent.

Shares valued at £31m are being placed with institutions by Morgan Grenfell, of which £7.8m can be clawed back via an intermediaries offer.

Applications must be received by James Capel, the stockbroker, by next Thursday, with dealings due to start on May 18.

 COMMENT The last minute price cut

should help the shares get off to a good start, but there are some question marks over the long-term growth prospects of the core business. Healthcall already has almost half the potential duty doctor market, which has been growing strongly over the past few years. More recently, revenue has been boosted by flu epidemics and rate increases. However, the government is keen to stem the rising bill for out-of-bours calls, a fair proportion of which could be dealt with more cheaply at 24hour health centres. Healthcall aiready has five such pilot centres, but a big shift away from home visits could require significant capital investment with uncertain returns. The well-placed to capitalise on the trend towards community-based care and has moved into new areas such as eye-care services for residen-tial homes. But these are currently too small to offset any significant slow-down in the core business.



Gordon Roddick: strong growth in all major markets

sees' sales, were 18 per cent higher at £438.2m. Operating profits rose 24 per cent to £30.1m (£24.3m) and there was also a £1.1m profit on the sale of the 65.6 per cent stake in Eastwick Trading, which operates shops in the Benelux countries and Austria.

Interest charges fell from £2.8m to £1.5m as debt was reduced from £28.5m to £11.8m, giving gearing of 12 per cent.
Operating profits in the UK rose from £11.2m to £11.4m. In the US, profits were ahead

from £2.1m, a figure depressed by the £1.3m cost of moving the head office, to £6.2m. The rest of the American region was flat at £2.4m. In Europe profits rose from £5.7m to 25.9m, while Asia, improved from £1.8m to £2.4m. Profits from Australia and New Zealand were ahead from £1.1m to

Earnings per share, excluding the profit on the Eastwick

sale, were 36 per cent higher at 10.1p. A final dividend of 1.25p is proposed to give a total of 2p

COMMENT

These results should have confounded some of Body Shop's critics. True, UK profits are unlikely to grow more than pedestrianly in future, but the rise in US profits, for instance, shows what the group can achieve overseas when it reaches the desired "critical mass". Further, Body Shop's revamped management team has tightened up the business. and the investment in recent years in new production facilities is beginning to pay off. On a forecast of £33.5m pre-tax this year, the prospective p/e is just under 20. The rating is nothing like it has been at times in the group's 10 year stock market history, but is justified by current growth prospects.

Norcor set to reduce debt through listing

By Peggy Hollinger

Norcor, the corrugated board maker, is aiming to eliminate a £19.2m deficit on shareholders' funds with a proposed flotation later this month which will value the Norwich-based group at about £40m. The pathfinder prospectus

published yesterday, showed Norcor with net debt of about \$35m - including some \$22m in loan notes. Bank debt of £9.3m was rescheduled last month to be repayable on flotation. Norcor expects to raise between £17m and £20m from the flotation to pay the debt

and fund between £4m and 58m in working capital. One of its production lines is to be refurbished from the proceeds. A further £18.5m in shares will be issued to satisfy loan note obligations. The balance

of loan note holders - representing £3.55m in debt - are due to be repaid in 1995.

Norcor has faced a number of difficulties since the £32m management buy-out in 1989. It failed to meet profit targets and was refinanced in 1991, while two of the past three years' accounts were qualified by accountants. The group had been capitalising its goodwill, without any provision for amortisation. Accounting practises have been changed in the run-up to flotation, and the fig-

Earnings per share for 1993, excluding an exceptional insurance gain, fell from 16.7p to 14.6p. Analysts are expecting pre-tax profits of more than £4m this year, before exceptional items. Last year the group made operating profits before exceptionals of £3.85m.

ures for 1993 were unqualified

Greenway back in the black with £2.77m

Greenway Holdings, the waste oil recycling business formerly known as Kingston Oil & Gas, reported pre-tax profits of £2.77m for the 15 months to end-March.

The outcome compared with a deficit of £4.11m for the previous 12 months, struck after an exceptional provision of £4.49m against the carrying value of its investment in its discontinued US oil and gas operations. The company has changed

its year end to tally with that of the DCC Group, its principal shareholder. Turnover for the 15 months

totalled £11.3m (£6.1m) and included £701,000 (£1.58m) from discontinued operations.

Earnings per share emerged at 14.54p (31.44p losses) and a final dividend of 1.5p (nil) is

SHOULD CONSULT AN INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES ACT 1986 WITHOUT DELAY.

ALLIED-LYONS FINANCIAL SERVICES PLC

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS OF

BONDS. IF HOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY



£200,000,000

6%% Guaranteed Convertible Subordinated Bonds Due 2008 (the "Bonds")

FURTHER ADJUSTMENT TO CONVERSION PRICE

NOTICE IS HEREBY GIVEN to holders of the Bonds (the "Bondholders") that a further adjustment will be made to the price at which the Bonds are convertible into Ordinary Shares of Allied-Lyons PLC (the "Conversion Price"). The need for adjustments as a result of the rights issue announced on 24 March 1994 by Allied-Lyons PLC was set out in a notice to Bondholders published on 6 April 1994. The notice stated that the first adjustment to the Conversion Price would be from 622p to 612p and that a further adjustment from 612p to 604p would be made if EC consent to the acquisition of control of the Pedro Domecq Group was obtained and the Second Instalment on the Stock Units was called.

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P.F. Macfarlane

Director

For and on behalf of

Allied-Lyons Financial Services PLC

ENGELS - HOLLANDSE BELEGGINGS TRUST N.V. (English and Dutch Investment Trust) Established in Amsterdan PARTICIPATION CERTIFICATES

(Issued by Royal Exchange Assurance) NOTICE IS HEREBY GIVEN that a gross dividend on the Participation Certificates of Dis. 1.06 (one florin and 6 cents) will be psyable in Sterling on or after 10th May 1994 against

ented at the office of Hill Sa

ROYAL EXCHANGE ASSURANCE 155 Bishopsgate, London EC2M 3UU

Mediobanca International Limited fincorporated with firmited liability in the Cayman Islands) A member of the Mediobenca Banking Group

Notice to holders of Mediobanca International 4 per cent. Notes due 1999 convertible into ordinary shares of Alleanza Assicurazioni S.p.A. (the «Notes»)

Notice is hereby given that a Board Meeting of Alleanza Assicu-razioni S.p.A. has been held on 4th May 1994 inter alia for the purpose of calling the Annual General Meeting of the Company to be held to adopt the Company's Accounts for the year ended 31st December 1993 and proposals relating thereto.

Accordingly, pursuant to Condition 5 (A) of the Notes, Subscription Rights to the Company's shares will not be exercisable bet 5th May 1994 and the last possible date fixed for the Annual Gen-eral Meeting, or where applicable, the day following the payment of any dividends, the distribution of which may be resolved by the Annual General Meeting.

6th May 1994



Notice of Change in Exchange Property Daily Mail and General Trust plc

> £70,000,000 8%% Exchangeable Bonds Due 2005 (th: "Bonk")

Notice is hereby given to the holders of the outstanding Bonds tha following a subdivision of its ordinary shares on 18th April, 1994 by Reuters Huldings PLC, in accordance with Condition 6 of the Terms and Conditions of the Bonds the Exchange Property (as defined in the Terms and Conditions) now comprises 23,198,000 Ordinary Shares of 2.5 pence par value (the "Reurers Shares") in Reuters Holdings PLC. On Exercise of Exchange Rights, Bondholders shall be entitled to have the redemption moneys arising on Bonds tendered for exchange applied on their behalf to acquire 331.4 Reuters Shares in respect of each £1,000 Bond redeemed and 1.657 Reuters Shares in respect of each £5,000 Bonal redeemed. The full amount of redemption monies payable on each Bond deposited for exchange shall be applied in the acquisition of Exchange Property.

Notice of Change in Exchange Property Daily Mail and General Trust plc £50,000,000

5%% Exchangeable Bonds Due 2003

Notice is hereby given to the holders of the nurstanding Bonds that following a subdivision of its ordinary shares on 18th April, 1994 by Reuters Holdings PLC, in accordance with Condition 6 of the Terms and Conditions of the Bonds the Exchange Property (as defined in the Terms and Conditions) now comparises 10,427,528 Ordinary Shares of 2.5 pence pur value (the "Reuters Shares") in Reuters Holdings PLC. On exercise of Exchange Rights, Parabolilogs shall be applied to the activities. par value (the "Keitters States") in Keitters froinings 17.2. On exercise or Exchange Rights, Bondholders shall be entitled to have the redemption monites arising on Bonds tendered for exchange applied by the Trustee on their behalf to acquire 208,548 Reuters Shares for each £1,000 Bond, 10,427,528 Reuters Shares for each £50,000 Bond and 20,855,056 Reuters shares for each LICO,000 Bond. The full amount of redemption munic mapping on each Bond deposited for exchange shall be applied in the equisition of Exchange Property

is to publish a Survey on International **Capital Markets**

on Thursday, May 26. The Financial Times reaches more senior European executives with capital responsibility than any other

If you wish to reach this influential audience by

Tim Hart

Hannah Pursali (LONDON) Tel: 071 873-4167 Fax: 071 873-3078

(HONG KONG) Tel: (852) 868 2865 Fac: (852) 537 1211

FT Surveys " Source (1975 198



COMPANY NEWS: UK

Purchase gives fillip to Wassall shares

Supporters of Wassall, the conglomerate whose acquisitive ambitions have been thwarted in recent years, have waited a long time for yesterday's big deal. Expectations were extremely high and they were not disappointed. Wassall's shares rose 18p to a

new high of 320p as the acquisition met with universal approval from the company's

Mr Paul Beaufrere, analyst at James Capel, the broker, summed up: "If you had put down on paper everything that Wassall wanted from a deal you would come up with this." Mr Chris Miller, chief executive, said it closely matches

Wassall's six main acquisition

criteria.

Established markets. General Cable serves three main markets in electrical, telecommunications and consumer cables. It is among the market leaders in both the electrical and consumer sectors, which generate two thirds of its sales and are growing steadily.

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D COMMENT

In telecommunications it makes the heavy duty copper

following the introduction of fibre optic cable - and is a smaller player in the fast-growing data transmission market. Everyday products. General Cable makes mainly low-technology products which find their way into most American homes, cars and offices. Its products have a high copper content - it is thought to be the biggest purchaser of copper in the US - and relatively little

labour content. This makes it relatively immune to import threats, since the transport costs are high and the savings to be had by using cheap non-US labour are modest.

The group makes more than 10,000 different products and Mr Miller said it was "inconceivable" that they were all profitable. "But they do not have the information available to tell." Introducing such systems will be one of Waseall's first tasks.

 Asset-backed. Wassall is paying \$269.8m (£180m) for net assets valued at \$381m at the end of 1993. The purchase price is less than General Cable's \$320m of inventories cable that connects telephone and receivables. "The copper exchanges - now almost inventory is simply far too



Chris Miller: deal closely matches Wassall's acquisition criteria

high, with partly-worked cop-per lying about all over the place."

Potentially cash-generative.
"It is not cash generative at the moment, but it very shortly will be," said Mr Miller, pointing to the company's high depreciation charge.

 Poor relative performance.
 General Cable made an operating profit of just \$2.3m on sales of \$763.5m last year, compared with a loss of \$32.9m on sales of \$800.8m the previous year. Although most of its markets

the standards of an industry which is "not particularly well run". Some of General Cable's competitors in the low added value markets are already making margins of over 5 per cent while General Cable's figures for the first quarter of this year show margins recovering to 2.7 per cent on sales up by more than 10 per cent to \$191.8m.

Mr Miller said he would be "amazed" if it was ever a 10 per cent margin business but added: "Even if we only get it up to industry standards then it will be a pretty good deal." It has 22 factories "not producing at anywhere near capacity, which are where they are for distant historical reasons". History of under-invest-ment. Until it was partially demerged in 1992 General Cable was wholly owned by American Premier Underwriters, a privately-held financial services group which ran it for cash.

"The managers were not allowed to spend any money with more than a two-year pay-back," said Mr Miller, who stressed that the capital invest-ment needs were "tens of millions of dollars, rather than

have been hit by recession, Mr Miller says this is poor even by EuroDollar set for

£100m summer float

By Andrew Bolger

EuroDollar, the UK's second-largest short-term car rental company, plans to come to the market this summer through a placing and public offer which is expected to

value it at more than £100m. RuroDollar has about 10 per cent of the UK market, compared with Avis's estimated share of 14 per cent.

About 77 per cent of Euro-Dollar's revenue comes from corporate customers. Its UK fleet of more than 12,000 vehicles operates from 104 branches

EuroDollar has a master franchise agreement with Dol-lar, the US car rental company, which grants EuroDollar a perpetual licence to operate an international rental network in 33 countries.

Last August EuroDollar was by Schroders, with Warburg the subject of a £118m man- Securities acting as broker.

agement buy-out from TSB Group, which was backed by Prudential Venture Managers. The company was established as Swan National in 1973 by UDT, the credit financing business which was bought by TSB in 1981.

Swan National was relaunched in 1989 as Euro-Dollar, to reflect its growing international strategy. It is now the fifth largest vehicle rental company in the world. Mr Freddie Aldous, Euro-Dollar's chairman, set up the original business in 1973 and

led last year's 11-strong MBO He said: "We believe that

Agent Bank

This advertisement is issued in compliance with the requirements of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange"). It does not constitute an invitation to the public to subscribe for, or purchase, any securities. Application has been made to the London Stock Exchange for the whole of the ordinary share capital of Healthcall Group PLC ("the Company") issued, and to be issued, to be admitted to the Official List. It is expected that dealings in the ordinary shares of the Company will commence



HEALTHCALL GROUP PLC

Placing and intermediaries offer sponsored by Morgan Grenfell & Co. Limited

29,650,122 ordinary shares of 5p each at 105p per ordinary share payable in full on application

Share capital following the offer

Issued and fully paid Number Amount ,185,238 92,759,262 144,960,000 55,185,238 in ordinary shares of 5p each Healthcall is the largest provider of duty doctor services in Great Britain and also provides telephone answering services on behalf of medical and other professionals and domiciliary eyecare services to the elderly and disabled in

7,412,530 ordinary shares are being offered in the intermediaries offer. An application under the intermediaries offer must be made on an application form provided by James Capel & Co. Limited and must be delivered to James Capel & Co. Limited so as to be received with cleared funds not later than 12.00 noon on 12th May, 1994. The ordinary shares now being placed and offered will, on admission to listing, rank, pari passu in all respects with the existing ordinary shares of the Company, and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of Meakhcall Group PLC.

Listing particulars relating to the Company are available during normal business hours on any business day from the Company Announcements Office. London Scock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2N 1HP, for collection only, up to and including 19th May, 1994, and during normal business hours on any business day up to and including 19th May, 1994 from:

Morgan Grenfell & Co. Limited 23 Great Winchester Street London EC2P 2AX

James Capel & Co. Limited Thames Exchange 10 Queen Street, Place London EC4R 1BL

Healthcall Group PLC 401 South Row Central Milton Keynes



Floating Rate Notes Due 1997 In accordance with the provisions of the Nozes, notice is hereby given that, for the six month period 4th May, 1994 to 4th November, 1994, the Nozes will bear innerest at the rate of 5.5104 per cent. per annum. Conpon No. 8 will therefore be payable on 4th November, 1994, at £1,388.92 per coupon from Nozes of £30,000 nominal and £277.78 per coupon from Nozes of £10,000 nominal. In accordance with the

S.G.Warburg & Co. Ltd.



REMINDER

REDROW SHARE OFFER CLOSES 12 NOON on MONDAY 9th MAY 1994

risement has been approved by Barcheys de Zoete Wedd Limited,
a member of The Securities and Futures Authority.

THE RESULT OF FIRM MARKET

The Mercantile & General Group in the last year, achieved its best ever profit - £104 million befg tax, compared to a loss of £45 before tax in

LEADERSHIP

"The impressive turn-around performance in 1993 is a tag of Chief Executive Job policy of insisting need for commercially rea Sartnerships between insurg reinsurers to deliver sustair intual profits.

that M&G now is I am co oned to achieve more esults in the future than at time during the Prudential ration's period of ownership."

> Mick Newmarch, Chairman of Mercantile and General and Chief Executive, The Prudential Group.

- Shareholder's funds strengthened from £206 million to £287 million.
- General business solvency ratio increased to 86%.
- 1993 Profit on General business £144 million. A significant turnaround on 1992 loss of £6 million.
- Life profit up by 9% to £73 million demonstrating quality and strength of worldwide operations,
- Impressive Standard and Poor's credit rating of AA- (excellent).



MERCANTILE & GENERAL

REINSURANCE

FORGING SUCCESSFUL PARTNERSHIPS THROUGH INNOVATION AND OUTSTANDING SERVICE

For a copy of the 1993 Review and Accounts, write to: The Secretary, The Mercantile and General Reinsurance Company plc, Moorfields House, Moorfields, London FC2Y 9AL.

Blagden calls for £26m to help pay off borrowings

Blagden Industries, the steel drum maker hit by recession in continental Europe, yesterday announced a 5-for-9 rights issue to raise almost £26m net

The group is proposing to issue up to 25.86m new ordinary shares at 105p a share. The shares closed 2p lower yesterday at 130p.

The issue was well flagged at the end of March, when the group passed its final dividend after diving £10.6m into the red for 1993. The losses, which included £13.3m of exceptional items and interest of £3.23m, breached the interest cover covenant with the group's

Part of the proceeds of the rights issue will be used to pay

off £10m of the debt with the

tionally agreed a replacement unsecured facility up to January 1996. Blagden said the rest of the

proceeds would go initially towards reducing outstanding bank borrowings across the group. In addition, it is expecting shortly to enter into a formal agreement for the sale of its plastics packaging businesses for £6.8m.

per cent following the issue.

The strengthening of the balance sheet would put Blagden in a position to finance the

COMMENT

Mr Richard Searle, who became chief executive seven weeks ago, said yesterday that group gearing would fall from above 80 per cent to about 25

equipment divisions. The group warned that there has been for some time.

main lender, which has condi- had been no significant changes in its main markets in the first four months of this

> underwritten by NM Rothschild and brokers are Panmure

The rights issue will bring

strategic development of its chemicals and protective The rights issue is fully

much needed relief from financial pressures, which will give the group breathing space to choose its own route forward. There is plenty of room for better margins in the packaging division - the rest is up to the new chief executive and his team. If they succeed in creating a more balanced company built around the mature steel drum business - a good cash cow - Blagden could become a

much more exciting bet than it

now is the right time to obtain a listing to establish a sound financial footing for the long-term development of the group."
The issue will be sponsored

(£45m)

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£200,000,000

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P.F. Macfarlane

Director

For and on behalf of

Allied-Lyons Financial Services PLC

Forex or Futures prices from £49 per month For 30 second updates on your Windows PC Screen or Pocket Financial Monitor call 0494 444415 QuoteLink from SPRINTEL

SHARE DEALING SERVICE

CITY

WORLD PULP AND PAPER CONFERENCE London 17 & 18 May 1994

London 17 & 18 May 1994
Arranged jointly with the Confederation of European Paper Industries, the confederation will consider longer-term strategies for the industry post recession; discuss restructuring, competition and trade issues; review developments in emerging markets and study the implications of the growing environmental challenges taxing the sector. Speakers will include. Mr Flobert van Oordt, MV Koninfelike KNP 8T; Mr Ronald Oberlander, Abitib-Price Inc; Mr Alain Soulas, Arjo Wiggins Appleton; Mr Craig McClelland, Union Camp Corporation; Dr Herbrig Geginat, Zanders Felinpapiere AG and Mr Thomas Nysten, Finnpap.

WORLD GOLD CONFERENCE

Mr. Pupert Parnent-Res, Deputy Governor of the Bank of England will deliver the opening address at this year's meeting which is timed to coincide with the tercenentary celebrations of the Bank, Speakers will include Dr. Chris Stale, percententary concordations of the Barix, Speakers will include Dr Chrift State, South African Reserve Barix, Mr Jean Zwahlen, Swiss National Barix, Mr Clem Sunter, Anglo American Corporation of South Africa; Mr Kevin Foo, Ballyrchik Gold; Mr Harry Conger, Homesteke Mining: Mr Victor von Klemperer, Dresdiner Benix; Mr Phil Wilson, Standard Chartered Sank, The Mocalta. Group and Mr Malates. Transit Treater Mr. Makoto Tonoid, Tanaka KK.

NORTH SEA OIL AND GAS

The conference will review E&P in the main sectors of the North Sea and consider the impact of current oil prices on activity in the province. Competitiveness, operator-contractor relationships and abandonment will also be discussed. Speakers include: Mr Tim Eggar MP, Minister for Energy; Mr Heinz Rothermund, Shell UK Epicoration and Production; Mr Johannes Moters, Commission of the European Communities; Mr Kyrre Nese, Statioli; Mr Lance Johnson, Mobil North See; Dr Peter Schollen, Ministry of Economic Affairs, The Nethodronte: Dr Bey Geisfrond America Hess I trained and Mr Norman ands; Dr Rex Gaisford, Amerada Hess Limited and Mr Norman Chembers, Brown & Root Limited.

TRANSPORT IN EUROPE-CREATING AND FINANCING THE NFRASTRUCTURE

London, 15 & 16 June 1994

London, 15 & 16 June 1994

The continence will examine industry implications of Community proposals for Trans-European Networks, as well as the prospects for public-private partnerships to finance Europe's transport Infrastructure. Speaker includer, The Rt Hon John MacGregor OBE MP, Secretary of State for Transport, Mr Henning Christophersen, Commission of the European Communities, Mr Boguslaw Liberadzid, Minister of Transport, Poland. Mr Ranja Mathemi, Managing Director, West Merchant Bank, Mr Alessandro Ovi, IRI SpA and Mr Bertrand Hozschuch, SAPFIR.

EUROPEAN TELECOMMUNICATIONS-RESPONDING TO

London, 20 & 21 June 1994 This year's meeting will focus on the challenge of emerging competition and convergence for operators, regulators and business users in Europe. The issue of network modernisation and financing will also be addressed. Speakers include: Mr Bill Wigglesworth, OFTEL; Mr Candido Velezquez-Gazdelu Ruiz, Telefonica de Expans SA; Mr Michael Hepher, British Telecommunications Plc; Mr Wim Dik, Royal PTT Nederland NV; Mr Mike Harris, Mercury Communications Ltd; Mr Eugene Connell, Nynex CableComs Limited; Mr Michael Phair, Director, NM Rothschild & Son Ltd; Mr Berti Thorngren, Tella AB.

MULTIMEDIA - VISION AND REALITY

This mejor business forum will focus on the key issues facing this fast-growing industry, the regulatory and legal framework for industry development, financing the multimedia future; assessing real business applications and potential and the role of strategic alliances in responding to the developing multimedia merketolace. Speakers include Professor Nicholas Negroponte, Massachusetts Institute of Technology, Mr Terry Hershey, Time Warner Interactive: Mr Alfred C Sikes, Hearst New Media and Technology; Dr Reinhard Buscher, Europeen ssion; Mr Peter Job, Reuters Holdings PLC; Mr Scott Marden, Philips

All enquiries should be addressed to: Financial Times Conference Organisation, 102-108 Clerkenwell Road, London ECIM 5SA. Tel: 071-814 9770 (24-hr answering service) Teleo: 27347 FTCONF G,

NOTICE

Cookson Finance N.V.

5%% Guaranteed Redeemable Convertible Preference Shares due 2004 guaranteed on a subordinated basis by, and convertible into Ordinary Shares of,

Cookson Group pic Notice is hereby given that pursuant to the Articles of incorporation of Cookson Finance N.V. (the "issuer") constituting the 5%% Guaranteed Redeemable Conventible Preference Shares due 2004 (the "Preference Shares"), the Issuer

not to elect to pay dividends at a higher level than \$2% per annum; not to elect to grant the holders of the Preference Shares the option to require the issuer to redeem such Preference Shares on 1st June, 1999; and not to enter into any arrangements to produce the purchase by a third party of

Ist, Lune, 1934 pursuant to the option reterred to below.

Iers of the Preference Shares are hereby reminded of their right to require the processor such Preference Shares on 1st June, 1994, at a redemption price of 134.25% of the Paid Up Value of the Preference Shares together with dividends of 134.25% of the Paid Up Value of the Preference Shares together with dividends accrued to that date. The Paid Up Value of each Preference Share is \$1,000. In order to exercise such option, the holder of any Preference Share must deposit at any time after 8th May, 1994 and prior to the close of business in the relevant place of delivery on 2tst May, 1994 such Preference Share together with a written notice exercising the option (the "Option Notice") with any of the Paying Agents named below. The form of Option Notice is obtainable from the specified office of any of the Paying Agents.

An Option Notice, once given, shall be irrevocable save that the holder giving an Option Notice in respect of any Preference Share shall retain the right to require such Preference Share to be converted into Ordinary Shares of Coolson Group pic, in accordance with the terms of the Preference Shares, prior to the close of business in the relevant place of delivery on tst June, 1994.

PRINCIPAL PAYING AGENT The Chase Manhattan Bank, N.A. Woolgale House, Coleman Street, London EC2P 2HD PAYING AND CONVERSION AGENTS

Uxembourg S.A.
5 Ruo Plactis
2338 Luxembourg

63 Rue du Rhône CH-1204 Geneva, 5

Banque Bruxelles Lambert S.A. 24 Avenue Marnix, B-1050 Brussels, Belgium

For and on behalf of Cookson Finance N.V.
By: The Chase Manhattan Bank, N.A.
London, Principal Paying Agent
Cookson Group pic

MEPC, the quoted property company, has bought a £67m portfolio of office and industrial properties in the Midlands from the Richardson Group, a private property company. It is also negotiating with

By Vanessa Houlder, Property Correspondent

John Laing, the construction company, about acquiring Castlecourt, a Belfast shopping The 14 properties being

acquired from Richardson total 1.75m sq ft of space and range from industrial estates to newly erected government offices at the Waterfront, Merry Hill, West Midlands. The overall yield was 9.5 per cent. Two properties in the portfolio are under construction, namely the St Chads office development in Birmingham

Park at Merry Hill. The final price will be determined by the letting of these properties. MEPC said the acquisitions gave it an interesting mixed portfolio to which it believed it

Richardson said it intended to sell more investments this year, to "take full advantage of the current buying interest in investment properties". In a separate announcement,

John Laing said it had received

MEPC pays £67m for

Midlands properties

could add value.

a number of unsolicited offers for Castlecourt. It is pursuing exclusive negotiations with MEPC. • Hanson Properties has sold

a portfolio of properties for £85m to O&H Properties, a sub-sidiary of O&H Holdings, a privately-owned development company, based in Hammer-smith, west London.

The portfolio, which is spread across England, Scotland and Wales, is composed of office buildings (57 per cent) and shopping centres (38 per cent) together with some warehouses (5 per cent). Hanson said it was disposing

of the portfolio as part of its general strategy of selling properties that had been acquired with large acquisi-About £30m of the initial consideration - which repre-

sents the approximate net

asset value of the properties -

is in guaranteed deferred The deal was funded by GR Capital, a subsidiary of the General Electric Company. which has provided structured finance that included a share in the equity appreciation of

Acquisitions behind 64% increase at Forward Group

By Paul Cheeseright, Midlands Correspondent

Forward Group, the specialist circuit board and chemicals manufacturer, raised annual profits by 64 per cent, helped by the first contribution from Central Circuits, a Telfordbased company purchased from the receiver in February

Over the 12 months to January 31, pre-tax profits improved

from £1.23m to £2.02m. Accordsitions contributed £5.6m to turnover which jumped to £20.7m (£12.5m), and £595,000 to operating profits of £2.23m (£1.44m).

The purchase of Central Cir-

cuits widened Forward's manufacturing base, although it has temporarily taken the group closer to the mass market for circuit boards and diluted turnover of its usual specialist low volume, high value business.

Looking at the group's main markets, Mr Ray Chamberlain, chairman, said there had been some improvement in the electronics industry, but that telecommunications was more of a growth area than military business. The group's business with medical customers was also growing.

Earnings per share rose from 11.06p to 16.71p. The proposed the total to 5p (3.3p).

Mercantile & General Re swings back into the black

Mercantile & General Reinsurance, the reinsurance subsidiary of the Prudential, yesterday returned to the black. Pre-tax profits of £104m were achieved for

1993, against losses of £45m last time, despite a £49m strengthening of reserves against claims from business underwritten in prior years.
"The results have clearly benefited from our

policy of profit before volume," said Mr John Engestrom, group chief executive. M&G Re reduced its exposure to general reinsurance following heavy catastrophe claims in recent

As a result, general reinsurance premium income fell from £409m to £332m, although the

areas of the international market. The rate rises helped this segment of the business report profits of £5.6m (£143.5m losses).

In contrast, the group increased its premium from life reinsurance, in which it is an international market leader, to £765m (£613m). Life profits amounted to £73m (£67m). Expansion in the life area was focused in the

North American medical expenses markst.

Extra reserves were needed to meet claims from past catastrophes and marine reinsurance liabilities incurred on policies underwritten in prior years. An extra £9m was set aside to meet claims relating to asbestos and pollution.

The shareholders' operating result - investment income plus "smoothed" capital gains -

NEWS DIGEST

Polypipe expands Chartwell in Europe

Polypipe, the manufacturer of plastic pipes and fittings, has gained entry to several European markets via the acquisition of Janoplast for an initial FF184m (£9.83m) cash.

Further consideration to a maximum of FFr3m will be payable in two instalments providing Janoplast's net assets at completion are at

least FFr55m.
The deal is Polypipe's first European purchase and gives the group a manufacturing and distribution base in mainland Europe and takes it into the French, German, Benelux and eastern European markets.

Dealings in Chartwell Group, the manufacturer of carpet

tiles and toilet cubicles, were suspended at 48p yesterday at the company's request "pend-ing shareholder approval of a proposed substantial acquisition, the terms of which are currently being finalised". Chartwell has been linked

recently with Sir Tim Bell, and his Lowe Bell public relations company. There has been speculation that Lowe Bell could be seeking a listing by reversing

acquire FHM - a monthly

men's style and general inter-

Emap purchase Emap, the media group, is to est magazine ~ from Tayvale for an undisclosed sum. Mr Tom Moloney, managing director of Emap's consumer magazine division, said that FHM - which has an ABC figure of 76,541 - would enhance the company's portfolio of suc-

cessful male-oriented maga-

Castle Comms

zines and fashion titles.

Castle Communications. through its Castle Copyrights subsidiary, has agreed to buy the rights to the Solar catalogue of master recordings, excluding the US, Canada and Africa, for \$2m (£1.3m) cash.

The Solar catalogue comprises some 400 soul, dance and disco tracks performed mainly by black American west coast artists, and is owned by Sound of Los Angeles Records.

Co-op societies in merger proposal

By Neil Buckley

Co-operative Retail Services the second largest co-operative retailer in the UK, yesterday launched a new proposal for a merger with the largest, Co-op-erative Wholesale Society, to create a significant retailing

The combined societies would have annual turnover of more than £3bn – about 75 per cent from grocery sales - making them the UK's seventh largest retail group.

The latest of three attempts to merge the groups foundered in 1990 when they failed to agree on the structure of the board. But as the CRS published a new merger mani-festo, "The Time is Right", both groups said they were

[©]There is a tangible will within both societies to make it happen," said Mr Harry Moore, CRS chief executive, The CWS responded that it was on the record as support-

ing a merger.
"If the CRS and its members are enthusiastic and convinced of the case, we welcome that." The CRS move came as it revealed a small increase in its pre-tax surplus for the year to January 29 to £26.7m, against £25.9m which excluded a £22m exceptional gain from the sale of its dairy business.

Turnover fell 6 per cent from £1.36bn to £1.27bn, but adjusting for the dairy disposal, sales fell 0.7 per cent. Mr Moore said this was a "resilient performance" amid tough competition in the gro-cery market and given that the previous year was 53 weeks. He added that the CRS, which includes the Pioneer, Leo's and Stop & Shop formats, had held market share and increased gross margin - in contrast to many grocery groups – through better buying and

adjusting the product mix. However, Mr Moore warned that co-operative retailers faced the threat of being soneezed between discounters and "premium chains". A merger was vital if they were

to fight back. Failure to achieve that "could signal the end of the Co-op as a serious national retail force"

The benefits included cost savings, increased financial strength for investment and development, doubled purchasing power, and the ability to compete nationally with cohesive marketing campaigns.

The main issue, as in 1990, will be achieving the correct balance on the board between individual members and the CWS's corporate members, which include CRS itself and regional co-operative societies which have joined the CWS in recent years.

Mr Moore said changes in the structure of both groups since 1990 increased the chances of agreement.

Greencore makes £2.5m Belgian buy

BFr130m (£2.5m).

Minch Norton, the malting subsidiary of Greencore Group, has agreed to acquire the malting business and assets of HDM Group, a Belgian company which is in receivership.

The consideration will be

six weeks ago.
"We have been seeing some

He added that in Vymura's

Aerostructures expects £26m from flotation

Aerostructures Hamble Holdings, the former British Aerospace aircraft components subsidiary, expects to raise about £26m net of expenses when it comes to the market this month. The pathfinder prospectus,

published yesterday, said the money would be used, alongside a new £10m unsecured revolving credit facility, to repay £35m of debt incurred during the £47.6m manage buy-out in 1990. It will be raised through a placing and intermediaries offer.

Aerostructures Hamble, which occupies the site near Southampton where Sunderland flying boats were built, made operating profits of 27.89m on turnover of £70.4m in 1993, compared with profits of £7m on turnover of £71.8m in 1992. The pathfinder puts pro forma pre-tax profits for 1993 at £5.6m, after allowing

£2m for restructuring. The charge will cover the cost of shedding a further 200 jobs this year. At the end of December the workforce had been reduced from 2,000 at the

time of the buy-out to 1,635.

The company, which is expected to be valued at more than £70m, depended on BAe for 93 per cent of its business in 1990, but reduced that to 78

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per cent last year. Mr Andy Barr, chief executive, said new orders already won, including a substantial contract from Boeing for wing parts for the 737-700, would reduce the level further this year. He described the broadcustomer base as "blue

with experience at Rover Group, is implementing Japanese techniques learnt in the car business but not previously used in the aircraft industry.

Mr Barr said that margins

had improved from 8.9 per cent to 11.3 per cent in three years, and he was seeking continuing improvements. The management, including Mr Barr who has a 14.8 per cent stake, will be selling some shares. Legal & General Ventures Partners, the largest

per cent, is also likely to sell some of its investment. The flotation is sponsored by NM Rothschild and the broker

institutional holder, with 36.7

London Capital to get £150m valuation

London Capital Holdings, the property investment company owned by Citibank, will offer up to £104m of new shares in a flotation, valuing the company at close to £150m, a small discount to its net asset value of

Citibank will sell between 65 per cent and 70 per cent of its shares, while LCH - the former Randsworth Trust property portfolio - will raise a further £15m from new

The value of LCH's 14 properties increased by 7.25 per cent to £244.8m between December and mid-April. Management is optimistic that with limited new property coming on stream before 1996, the outlook for property values in London's west end remains

positive. According to James Capel,

the west end are expected to fall from 8.7 per cent in March 1994 to 2.5 per cent by March 1996, and prime rents should rise 30 per cent by the end of

However, the outlook for property flotations has become less rosy since LCH announced its intention to float. The sector's premium to asset value has all but disappeared, while the company will have to compete with a number of property flotations, including Argent and Pillar.

LCH has recently signed a £100m loan facility from HSBC and will have gearing of less than 50 per cent. Mr Nigel Kempner, joint managing director, said he would be happy to see gearing rise to about 70 per cent.

The shares will be offered through a placing and public offer, sponsored by Baring Brothers. The pricing will be

Vymura resists slide with £39m placing tag

By David Wighton

Vymura, the wallcoverings group which was originally part of ICI, has resisted the slide in new issue pricing and is to be valued at £38.6m via a placing price of 150p.

Mr David Simpson, a director of Barclays de Zoete Wedd, Vymura's sponsor and financial adviser, said the price was exactly as planned when the flotation was first announced

softening of prices but there is still an appetite for quality

case there was a comparable

whose share price has not weakened in the past few

The placing price represents

14.5 times last year's earnings per share. The notional yield is 3.7 per cent, slightly higher than Fine Decor

BZW is placing a total of £24.1m of shares, raising a net £10m for the company. Just over half the new money will be used to repay preference shares held by insti-tutions that backed a management buy-out in 1992.

UBS are brokers to the issue. Dealings are expected to start next Thursday.



Company

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FINANCIAL TIMES

NEWSLETTERS

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This notice is issued in compliance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange"). Application has been made to the London Stock Exchange for the whole of the Ordinary Share capital of Capitol Group plc ("Capitol"), in issue and now being issued, to be admitted to the Official List. It is emphasised that this advertisement does not constitute an offer or invitation to any person to subscribe for or to purchase securities. it is expected that dealings in the Ordinary Shares of Capitol will commence on Tuesday,



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ernational Trade Finance is the essential eference source for the busy executive. Published by Financial Times Newsletters, it provides both International Trade Finance for subscribers, supplying specific information to immediately to hand. The most up-to-date information is, thus, available to subscribers the INTERNATIONAL COVERAGE ITF is designed so that information is readily accessible, providing you with the latest on Credit Insurance Project Flowner Aid Finance Keep on too of the world of international trade International Trade Finance International Trade Finance

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FINANCIAL TIMES FRIDAY MAY 6 1994

COMPANY NEWS: UK

After three years of successive losses UK carmaker looks set to return to the black

Ford of Britain cuts deficit to £92m

By Kevin Done, Motor Industry Correspondent

Ford of Britain, the leader of the UK new car market, suffered a third successive year of heavy losses in 1998 (excluding Jaguar) and reported the worst financial performance of any of the leading carmakers in the

It reduced its pre-tax loss to £92m, however, from a deficit of £353m in 1992 and a loss of £430m in 1991 (excluding Jag-

Ford claimed yesterday that it was on the road to recovery and had performed better than expected so far this year, helped by the growing strength of the UK new car market. It is understood that Ford of Britain returned to profit in the first quarter this year, and it is expected to achieve a sig-

nificant profit for the whole of

The UK arm's pre-tax losses, which have totalled £875m in the past three years - excluding Jaguar, the UK luxury carmaker, which is owned directly by the Ford parent company in the US - contrast sharply with the robust profits earned throughout the recession by Vauxhall, the UK sub-sidiary of General Motors and Ford's chief rival in the UK.

Vauxball's pre-tax profits fell by only 17 per cent last year to £185.1m, and it has earned total pre-tax profits of £780.5m in the past four years.

Volume car manufacturers in the UK Vaustrali (General Motors) Paugaot Talbot. Pre-bar profit/loss (On) Pro-tax profit (2m) Pre-tax profit/loss (Em) Trading profit/loss** (Em) 1948 . W. St. St. 33 -60 -1986 90 91 92 93 1988 90 91 92 93

Among the other volume car-makers in the UK, Rover Group, which was taken over by BMW of Germany in March, suffered a pre-tax loss of £9m last year, but it achieved a considerable turnround at the operating level with a profit before interest and tax of £56m, compared with a deficit of

£49m a year earlier.
Peugeot Talbot, the UK subsidiary of the PSA Peugeot Citroën group of France, has suffered a continuous decline in profitability for the past four years and fell into a pre-tax loss of £8.7m last year, from a profit of £10.2m in 1992 and a peak profit of £123m in

The reduction of Ford of Britain's pre-tax loss last year was helped by one-off gains from the disposal of Ford Credit and Aston Martin to

the Ford US parent com-

without these moves the pretax loss would have been £136m. Ford of Britain's automotive operations had an operating loss last year of £114m compared with a loss of £237m in 1992. Turnover declined slightly to £5.33hn (£5.38bn). Ford of Britain, traditionally

one of the most profitable parts of the Ford group worldwide before it plunged deep into loss during the UK recession, has been forced into a drastic restructuring with heavy cuts in its workforce and a big reduction in the manned capacity of its British plants.

from 8.6 per cent in 1981 to 17.1 per cent last year, while the PSA Peugeot Citroën group The workforce of the core Ford of Britain automotive has also made big inroads, operations had been cut to 30,400 by the end of 1993, from increasing its UK market share 34,200 a year earlier and 39,000 to 12.6 per cent last year from at the end of 1991. only 5.4 per cent 10 years ago.

Ford's problems in the UK were compounded last year by the collapse of its car exports to continental Europe, which fell to only 11,600 from 74,900 a year earlier, as west European new car sales suffered their steepest fall of the post-war

Its overall vehicle exports, including commercial vehicles, dropped to 82,000 from 162,000 in 1992 and 214,000 in 1991.

The total output from its three vehicle assembly plants at Dagenham, Halewood and Southampton fell by 13 per cent to 391,100 (449,600). Engine production at Dagenham fell to 399,713 (567,424), while engine output at Bridgend dropped to 472.231 (510.052).

The assembly plants worked at only 63 per cent of installed capacity last year compared with 71 per cent in 1992.

As production was cut back to keep pace with falling exports, Ford had to cut a total of 145 shifts at the vehicle assembly plants - 61 at the Transit van plant at Southamp-ton, 54 at the Fiesta small car plant at Dagenham, and 30 at the Escort plant at Halewood.

The decline in exports of cars and components cut the value of Ford of Britain's total exports to £1.7hn from £2.2hn a year earlier. It has had a balance of trade deficit for the past 13 years, and the deficit increased substantially last year, although Ford refused to

Positive outcome for Chiroscience drug trial

By Daniel Green

Chiroscience, the Cambridge biotechnology company, has had posltive results from its first set of clinical trials since its flotation in February.

The phase one trial was conducted on 14 young, healthy male volunteers and compared Chiroscience's purified form of an existing anaesthetic with the established version. The purified version "demonstrated that it has a higher

tolerability", said Mr John Padfield, chief executive. "It also demonstrated its efficacy."

Chiroscience purifies drugs that are sold as a mixture of two virtually identical chemical structures. By separating the two structures it hopes to eliminate one that produces more side effects or is less effective.

The approach should also cut the time taken for a drug in trials to be approved because much of the work

needed for approval has already been name Marcain. However, the potential done with the mixture.

The trials were on a purified version of the long acting local anaesthetic bupivacaine called levobupivacaine. It is usually used for women in childbirth

as an epidural.

Mr Padfield said that independent industry figures showed the global market to be worth about \$100m (£68m) a year. It is supplied in the UK by Astra, the Swedish company, under the brand

market for levobupivacaine is substantially greater than this given "improved safety profile and possible additional indications such as cancer pain," said Mr Padfield. "Levobupivacaine also has potential applications in day surgery where a safer, long-acting agent could encourage an increased number of long surgical procedures to be carried out under regional rather than general anaesthesia," he said.

NEWS DIGEST

Lower costs put BMSS in black

RMSS the IISM-traded timber and building materials merchant, benefited from reduced distribution and administrative costs and lower interest charges and returned to the black in the 12 months to Janu-

ary 31. The pre-tax outcome -£314,139 against losses last time of £95,498 - came on turnover marginally down at £14.9m (£15.2m) and was struck after a £284,000 reduction in distribution and administrative costs to £4.34m. Interest payable declined to £184,418

(£306,360). Gearing at the year-end stood at 29 per cent (24 per cent), reflecting the acquisition in December of Price & Brown, a heating and plumbing operation.

A proposed final dividend of 1.5p maintains the total at 3p; earnings per share were 3p (losses of 0.7p).

Radius makes good start to this year

Shares in Radius, the USMtraded computer systems and maintenance company, jumped 4p to 34p yesterday after Mr Mike Roberts, chairman, told the annual meeting that trad-

Ordinary Meeting

Extraordinary Meeting

capital stock; LTo modify article 5 of the Articles of Association; LTo resolve upon a bond issue.

1994 had shown a marked improvement over the compa-

In the 13 months ended December 31, the company incurred a pre-tax loss of £1.17m (£1.23m profit for 1992).

Seafield in discussions

Seafield, the Dublin-based transport, warehousing and property company, said yester-day that it was in talks with Imari that may or may not lead to a merger of the two compa-

It was not expected that such a merger would involve a gen-eral offer to Seafield shareholders. A further statement would be made within the next two

Westminster Scaffolding

Poor trading conditions and low margins were cited by Westminster Scaffolding Group as the reasons behind deepening losses for the 14-months to December 31.

The pre-tax deficit amounted to £4.23m, against £2.46m for the preceding 12 months, and was struck on turnover of £5.72m (£6.18m). Losses per share came out at 7.9p (8.8p).

Finsbury Growth net asset value improves

ing in the first three months of Finsbury Growth Trust had a

BENETTON GROUP S.p.A.

Registered Office: Via Villa Minelli, 1
Porzzano Veneto (TV) - Italy
Issued and fully-paid capital stock: Lire 87,278,382,500

NOTICE OF ORDINARY AND EXTRAORDINARY GENERAL MEETING Stockholders are called to an Ordinary and Extraordinary General Meeting to be held, in first calling, at 10.30 a.m. on May 25, 1994, at Vis Ville Minell 1, Ponzano Veneto (TV), Italy, or in second calling, it necessary, at the same time and place on May 28, 1994.

1.To receive the reports of the Board of Directors and the Board of Statutory Auditors;
2.To extend the financial statements as of December 31, 1993; related resolutions;
3.To appoint the Board of Directors, having determined how many Directors to appoint and the length of their term;
4.To fix the emoluments of the Board of Directors;
5.To appoint a firm of independent auditors to audit the financial statements of the Company and the consolidated financial statements of the Group for the three-year period 1995-1997, authorizing the related annual remuneration.

. To modify the Stockholders' resolution dated April 30, 1991, as amended on April 29, 1993, relating to the increase in

a. to resolve upon a bond issue.

Registered Stockholders may attend the Meeting if they deposit their shares, at least five days beforehand, at the registered office of the Company or with one of the following agents:

Monte Tholi S.D.A., Benca Commerciale Italiana, Bence Nazionale del Lavoro, Credito Italiano, Benca di Roma, istituto Bencario San Paolo di Torino, Monte dei Paoch di Siena, Benco di Napoli, Benco di Sicilia, Cassa di Rispermio delle Provincie Lomberde, Banca Popolare di Novara, Banca Nazionale dell'Agricoltura, Benca d'America e d'Italia, Benco Ambrosiano Veneto, Banca Popolare di Novara, Banca Nazionale dell'Agricoltura, Banca d'America e d'Italia, Benco di Trento e di Bolzaro, Banca Popolare Veneta, Banca Popolare filiatoria, Cassamerca, Banca Popolare di Provincia Popolare Fruizoffia, Cassamerca, Banca Antoniana, Banca Popolare del Romano del Montebelluna, Morgan Guaranty Trust Company, Deutsche Bank A.G., Citibank, Société Génèrale, Banca della Svezzara Italiana.

Lucieno Benetton Chairman of the Board of Directors

net asset value of 125.4p per share at March 31, up from 112.9p at the September yearend and 102.9p at end-March

Mr Michael Reeve, chairman, said the 11 per cent advance in value over the last six month trust's benchmarks - the FT-SE 100 and the FT-SE-A AU-

Share - which rose 1.6 per cent and 3.7 per cent respectively.

The trust saw net revenue improve to £504.000 (£455.000) in the six months to end-March, equivalent to earnings

The interim dividend is maintained at 0.9p.

Highcroft Inv net assets increase 13%

Highcroft Investment Trust reported net assets per share up 13 per cent to 314p at the end of 1993, against 277p a year

After-tax profits climbed from £643,000 to £748,000 in the year. Earnings were 15.9p (14p) including gains on disposals of assets, or 13.8p (11.8p) excluding the same. The final dividend is 3.3p for a total of 5.2p

Credit lifts Regent Corp to £5.1m

Regent Corporation, the prop-erty developer formerly known as Nouvelle, returned pre-tax profits of £5.15m for the year to end-March. The figure included

a credit on voluntary arrangements totalling £4.8m.

Its share of the UK new car

Ford's new car sales in the

UK rose by 8 per cent last year to 381,671, but it under-per-

formed the market in which

overall new car sales increased

fell to 21.5 per cent, its lowest

level for more than 20 years. Its share has been gradually

eroded from a peak of just over

30 per cent in the early 1980s.

By contrast Vauxhall has doubled its market share since

the beginning of the 1980s,

Its UK new car market share

by 11.6 per cent.

market has been under heavy attack, not least from Vaux-

The company was transformed over the year and comparisons are not meaningful. For 1992-93 there was a pre-tax deficit of £3.91m after taking account of disposal losses of

For 1993-94 pre-tax profits of continuing activities amounted to £606,000. That mainly reflected the merger of the Regent housebuilding business in 1993 together with subse-

quent acquisitions. Basic earnings on continuing operations emerged at 2.35p. There is again no dividend but the directors anticipate being able to resume payments in the foreseeable future.

Sales totalled £3.15m. Yearend gearing stood at 53 per cent but had been reduced to nil by yesterday.

Aminex pins hopes on Russian link

Aminex, the Irish oil group, reported increased losses in 1993, reflecting substantial administration expenses and the costs of its failed bid for Tuskar Resources.

On sales from continuing operations little changed at I£281,702 (£274,800), losses before tax deepened to I£135,200 (I£66,307). General and administration

expenses rose to I£217,808 (I£139,692). An exceptional item of 1582,675 related to Tuskar. Losses per share were unchanged at 0.01p.

Aminex hasinvested \$4.68m (£3.2m) in a joint venture with Komineftj, a state-owned oil production company in the Komi republic of the Russian Federation. Production from the Amkomi project has been raised to some 2,200 barrels per

Aminex expects the Russian output to dramatically boost turnover this year.

Radamec drops to £710,000

Radamec Group, the electronics and precision mechanical engineering concern, suffered a fall in pre-tax profits from £832,000 to £710,000 in 1993, on unchanged turnover of £11.9m. Attributable earnings dropped from £841,000 to £855,000, equivalent to 3.6p (4.6p) per share. The final divi-dend is 1.2p for a total of 1.7p

(1.5p). Gearing rose to 24 per cent (20 per cent) on net borrowings of £1.24m (£967,000).

Titon declines to £1.01m

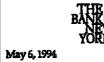
Profits of Titon Holdings, the USM-traded building products maker, declined from £1.05m to £1.01m pre-tax over the six months ended March 31. Turnover expanded from £5.69m to £5.83m. Earnings per share emerged at 6.21p (6.49p) and the interim dividend is lifted to 1.4p (1.3p).

U.S. \$105,000,000

Guangzhou Investment Convertible Bond (1993) Limited

(incorporated with limited liability under the laws of the Cayman Islands) 4.5% Convertible Guaranteed Bonds Due 1998 convertible into shares in and guaranteed by Guangzhou Investment Company Limited (incorporated with limited liability under the laws of Hong Kong)

Inaccordance with Clause 7(D) of the Trust Deed dated 8th October, 1993, Notice is hereby given that in order to establish the 1993 final dividend rights to the states of Guangzhou Investment Company Limited (the Company), theregister of the Company will be closed on 25th of May 1994 to 3rd of June 1994, both days inclusive. In connection therewith, the attention of the bondholders is directed to the provisions of Clause 6(N) of the Trust Deed dated 8th October, 1993.



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On behalf of the Company

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fondo de inversiones de venezuela

VENEZUELAN INVESTMENT FUND PRIVATISATION PROCESS LINEA AEROPOSTAL VENEZOLANA (LAV)

The Venezuelan Investment Fund informs the investment groups listed hereinbelow, that they have been prequalified to participate in the Selling Process of LINEA AEROPOSTAL VENEZOLANA C.A. (LAV).

REPRESENTATIVE

- Progreso Mercado de Capitales

INVESTMENT GROUP

Nelson Monroy

- Consorcio Banco Italo Venezolano/Sociedad Financiera Profesional C.A.

Moisés de Lima Eljuri

- Sociedad Financiera Unión y Banco Unión C.A.

Fortunato Benacerraf Salas George Rochas

- British Aerospace/Avro International Aerospace

- American Airlines

- Air France

Jame Beer

William W. Grayson

- Líneas Aéreas de España S.A. IBERIA

Eloy Laguna Dato

- Aerolíneas Centrales de Colombia S.A. ACES.

- Continental Airlines

P - 04

Alvaro Martinez Urrea

Elisabeth A. Hessler

Likewise. it is informed that the Base Price for the total shares will be SIXTY TWO MILLION DOLLARS OF THE UNITED STATES OF AMERICA (US\$ 62,000,000), as the

minimum price for this tender. The date, hour and place for the public act for the presentation of offers will be published in due course. The interested parties for additional information may contact our General Coordination, Transportation and Comunications Sector, located at the Privatisation Management of the Venezuelan Investment Fund, Esquina de Mijares, Torre Banco Lara, Piso 6. Attention Engineer Dario Laguna and Engineer Trina Rojas. Telephones: (582) 806.56.32 / 806.59.09 Fax: (582) 839.169 TELEX FIVEN: 22890 / 26529

Caracas, 5 de mayo de 1994

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IF YOU GO DOWN TO THE WOODS TODAY Oue thing is certain as & when bear markets arrive, the vast ansjority of investors will suffer whilst the knowledgeable will pick up the bargains of a lifetime. Avoid the pitfalls of investments in the 1990s & ring 061 474 0080 to book your FREE

are affecting Saudi Arabia's purchasing power and several Middle Eastern countries may Mining Correspondent The precious metals price suffer economic dislocation because of the rise in Islamic forecasting season is under way as analysts put their gold, fundamentalism. The lack of silver and platinum market pensions provision in China predictions up for inspection.

Ms Rhona O'Connell at South Korea and Singapore may cause personal gold hoards to be sold by an ageing T. Hoare and Company, in a population. Silver's price, which reached special report on the silver market, suggests this "is now one of the most dangerous met-

\$5.75 an ounce in the first quarals in the non-ferrous sector ter, is forecast by Mr Smith to he down at \$4.50 an ounce in and carries with it a large Wealth Warning". Prices may rise, she points out, but "disilthree months time and back up at \$5 in 12 months. He expects lusioned liquidation, or mere platinum, which reached \$418 profit-taking into a rally, can send prices spinning down an ownce in the first quarter. to perform in a similar way, falling to \$360 an ounce in again, usually faster than they three months and recovering While the underlying fundato \$390 in a year.

this year and next.

Mr Joseph Rosta, CPM

research director, suggests

platinum is on an upward

phase that may last another

year or more. He says the time

when supply has been growing more quickly than demand

appears to be passing "and it

may be replaced over the next

several years by conditions in

which the rate of growth in

fabrication demand outpaces

Nevertheless, platinum prices

may go down in the coming

year as fears about South Afri-

can supplies diminish.

any increases in total supply."

mentals of the silver market Gold, which has been up to are improving, prices will not \$395 an ounce in the first quarhe sustained for long above \$6 ter, is predicted by Mr Smith to fall to \$350 in three months a troy ounce, Ms O'Connell and recover to \$390 in a year's

suggests.
She sees prices moving between \$4.50 and \$6 an ounce Meanwhile, at the CPM this year and next with an Group, based in New York, Mr average of \$5 for each year. Jeffrey Christian, managing Stocks of silver in the US director, says gold may be at the start of a major cyclical upward move. Private investalone stand at 36 weeks of supply, which would take some ment demand in gold began to three years to whittle down to a more manageable eight-week revive sharply in the last four level even though the annual supply deficit is forecast to months of 1992, he recalls, and there are several factors that increase from last year's 128m are likely to keep investors interested in the metal, at least ounces to 137m this year and intermittently, for the rest of 150m in 1995.

Mr Andy Smith at Union Bank of Switzerland suggests all the precious metals probably achieved in the first quarter their highest prices for 1994

He points out that in the January-March period US interest rates were at their lowest level in 30 years and this coincided with a weak dollar and concerns over precious metal supplies, especially supplies of platinum from South

He warns that many of gold's emerging markets are losing their promise. Low oil prices

Rwandan farming programme threatened

By Nancy Dunns in Washington

Scientists working for the International Centre for Tropical Agriculture, based in Colombia, are urging the resumption of one of Africa's most successful agricultural programmes - the growing of climbing beans, developed in Latin America in the Great Lakes region of Rwanda, Burundi and western Zaire. Beans are staple of the

Rwandan diet and the introduction of climbing beans, which grow upward on stakes in farmers' fields, has tripled yields in a country where farmers average only one-half to one hectare each and 500 impoverished people live on each square kilometre of rural lend. Production has risen by at least 33,000 tonnes, worth

US\$18m. The bloody civil war has put the entire scheme at risk. One plant breeder, Dr Wayne Youngquist, was evacuated in a convoy of 75 cars and then airlifted to Kenya. Dr Robin Buruchara, a plant pathologist, was in Kenya when the fighting began and has been unable to return.

According to Dr Youngquist, most of the bean crop in southern Rwanda was lost to drought last year. When the fighting broke out early last month the rains were good. The next harvests are five to nine weeks away.

"If we can get back into Rwanda within a month before the weeds take over we can continue the programme without losing much. But right now, people worry more about their lives than weeds," said Dr Youngquist. To keep the bean pro-

gramme going, the tropical agriculture centre temporarily moved operations to Burundi, where they are multiplying seeds to send to Rwandan farmers when the fighting

GRAINS AND OIL SEEDS

177.20 +1.55 177.50 116.00 432 177.20 +1.65 177.50 116.00 1,650 98.25 +0.60 98.10 98.10 499 99.40 +0.55 99.20 98.45 1,530 101.40 +0.85 101.20 100.75 1,025 102.10 - 324

■ WHEAT LCE (£ per tonne)

250/2 242/2 250/2 255/6

110.00 +1.00

Ankle deep in agricultural controversy

Alison Maitland attends a meeting of farmers, policy-makers and environmentalists

here better to debate the pros and cons of the European Union's changing agricultural policy than standing ankle-deep in a field that has been 'set aside" from its previous use of growing barley?

The field, now sporting several varieties of wild plants, was the first stop on a farm walkabout this week in the picturesque Dedham Vale, in the Essex countryside best known through the paintings of John Constable. The tour, an annual event organised by the local Tendring Hundred Farmers' Club, provides an opportunity for leading policy-makers, lob-byists and farmers to discuss the most contentious issues in

British agriculture. The debate, helped by a stiff breeze. was lively Mr Patrick Holden, policy director of British Organic Farmers, said that set-aside, whereby farmers are paid to take a percentage of their arable land out of production, was

a desperate measure by the ing more palatable. European Commission to control grain surpluses. It would not work because farmers would simply intensify produc-tion on their remaining land. Hailing its environmental

benefits - the lower use of pesticides or the reappearance of wildlife - "is just making the best of a bad job", he said. "It would be much better to de-intensify farming as a whole rather than to use set-aside as Not surprisingly, the officials from the ministry of agricul-

ture disagreed. Mr Howard Fearn said that a study being carried out by Wye agricul-tural college had found no evidence of production being stepped up on the rest of the land. And he pointed out that while concern for the environment was not the driving force behind the common agricul-tural policy reforms, it was becoming inextricably linked with them as a way of making continued subsidies for farm-

"The only way of getting the taxpayer rather than the farmer to pay is to introduce something called the environment," he said,

This appears to be throwing up contradictions. Farmers choosing the option of non-rotational set-aside - where they leave a fixed area of their farm unproductive rather than rotating the site each year contributing more to wildlife. But the impact, in terms of reducing production, will be less great as only the poorest land is set aside, according to agricultural economists.

huge cloudburst forced the al fresco meeting to reconvene in a barn, where the steam was visibly rising as the arguments over environmentally-sensitive farming grew hotter. Conservationists wanted subsidies transferred wholesale from mainstream agriculture to promoting environmentally bene-

apart from stressing the difficulty of Britain persuading its partners to go down that eu road, the man from the Treasury said he doubted whether the taxpayer would agree to 13bn a year being reallocated to an industry that had already been so heavily supported in

So what did the scores of farmers present think of the prospects? The view was suitably down to earth. "At the end of the day, farmers have got to produce a net profit," said Mr Jim Macaulay, one of the organisers. "They can look towards the movement of sus-tainable farming, but if they take their eye off the costs

they're in deep trouble."

The problem facing farmers in Europe is that many of their competitors elsewhere in the world do not face the same tough legislation on animal welfare or pesticide use - one reason why they can produce much more cheaply - said a

ficial farming practices. But, senior official from the National Farmers' Union. Mr Oliver Doubleday, who farms in both England and Brazil, said UK farmers were naive if they thought they could survive without subsiwe ought to be trading on world prices," he said. "You just don't realise how low they are. There are going to be people ~ and I hope it's going to be me - who will clean up behind

SE regali

Mr Macaulay concluded that UK costs of production would have to come down "if we're to stay in farming and deliver what the environmentalists

Exactly how high-cost, highquality producers in Europe would continue to survive once markets became more open remained unclear. So did the common ground between the environmentalists and the bureaucrats. But at least the farmers were happy - they had got the rain they needed.

Alumina terminal opened on Russia's east coast

By Kenneth Gooding

An Anglo-Russian project to open up one of the bottlenecks that has restricted the import of an essential raw material for the Russian aluminium industry became operational this week when 25,600 tonnes of alumina (aluminium oxide) was unloaded by new facilities at the east coast port of Van-

The bulk alumina handling facilities, costing "several million dollars." are jointly owned by by Trans-World Metals, the UK-based trading group, and the Vanino Port Authority, one of the new Russian joint stock companies.

Russia has only one other such handling facility, at Murmansk. According to Mr Alan Bekhor, managing director of Trans-World, said to be the biggest trader in Russian alumin-

SOFTS

E COCOA LCE (9/tox

ium: "The Vanino facilities open the way for alumina to get to Russia more efficiently. They represent a logical link between Australia, the world's biggest alumina producer, and Russia's big Siberian smelters." The first alumina through the facilities was bought from Alcoa of Australia.

Mr Bekhor said that within three months a second stage would lift the bulk alumina handling capacity at Vanino to 50,000 tonnes a month. The port is at one end of the Balkal-Amur railway which runs parallel to the Trans-Siberian rail-

In theory the facilities are available to all but "Trans-World will probably keep them busy for the rest of this year. However, Mr Bekhor stressed: "This is a long-term investment and there will be no MARKET REPORT

Coffee rallies to fresh high

London Commodity Exchange COFFEE futures perked up towards the close, briefly reaching fresh five-year highs. The market had opened softer and slipped further, looking set to consolidate recent strong gains. The July position was \$15 down at \$1.668 a tonne by the mid-session close, having touched a low of \$1,655. But a flurry of trade and commission house buying late in the afternoon quickly took the price up to a new high of \$1,710 before it eased to close

at \$1,700, up \$17. "We saw good buying again towards the close, it would be a brave man to go short in this market," one trader com-

The COCOA market ended a very dull but choppy day mixed, the near July futures

Traders said the market shrugged off news that according to the chief executive of the Ivory Coast's Caistab, the country was short of its current commitments and the mid-crop would only be 80,000 tonnes, against forecasts of up to 200,000 tonnes. "The market isn't in the mood for bullish news," one explained. "Sentiment is slightly unfriendly."

At the London Metal

Exchange COPPER prices snapped higher in the afternoon, setting the market up for a further attempt on recent highs at \$1,983 a tonne, but other markets ended mixed.

ALUMINIUM prices moved off their lows aided by copper. But the three months delivery quotation was unable to repeat Wednesday's foray above \$1,330 position dipping to £870 a a tonne, and final business was tonne before closing £4 up on at \$1,327, down \$2.

Price trends were mixed for the PRECIOUS METALS after gold fixed unchanged from its lower morning setting and the New York markets mostly opened sharply lower. Dealers said the turn-round in the dollar's strength from weak to firmer and the apparent calm in South Africa had taken away GOLD'S two major price

supports.
London SILVER prices struggled for most of the day after only briefly holding a firmer opening level at \$5.17-\$5.19 for the cash position. A sudden bout of selling took the price down to around \$5.10 support near the morning gold fix and although a couple of rallies were attempted, the support was re-visited when the New York market lost nearly 11 cents shortly after opening.

Compiled from Reuter

COMMODITIES PRICES

BASE METALS **LONDON METAL EXCHANGE** (Prices from Amalgamated Metal Trading) M ALUMINIUM, 98.7 PURITY (5 per tonne)

| | | O THEM |
|--|--|---|
| Close | 1302-3 | 1327-8 |
| Previous | 1301-2 | 1326-6.5 |
| High/low | 1300 | 1928/1322 |
| AM Official | 1299-300 | 1324-4.5 |
| | 1240-200 | |
| Kentu class | | 1326-7 |
| Open int. | 247,560 | |
| Total daily tumover | 38,310 | |
| W ALUMINOUM ALLO | Y & per torme | ١ |
| | | |
| Close | 1290-5 | 1305-6 |
| Previous | 1300-10 | 1310-5 |
| High/low | | 1310/1295 |
| AM Official | 1285-90 | 1295-300 |
| Kerb close | | 1305-10 |
| Open Int. | 4,078 | |
| Total daily turnover | 1,076 | |
| | • | |
| E LEAD IS per tonne | <u> </u> | |
| Close | 483-4 | 478-8.5 |
| Previous | 484.5-5.5 | 473.5-4 |
| Highlow | 4B1 | 479/475 |
| AM Official | | 477-8 |
| | 46 1-2 | |
| Kerb close | | 478.5-9 |
| Open int. | 35,181 | |
| Total daily tumover | 5,510 | |
| E NICKEL (\$ per ton | nel. | |
| | | |
| Close | 5630-40 | 5700-10 |
| Previous | 6635-40 | 5710-5 |
| High/low | 5606/5605 | 5720/5660 |
| AM Official | 5605-B | 5680-5 |
| Kerb close | | 5710- 5 |
| Open int. | 56,806 | |
| Total daily turnover | 12,745 | |
| | , | |
| TRY (\$ per tonne) | | |
| Close | 5430-40 | 5495-500 |
| Previous | 5405-15 | 5470-80 |
| | | |
| High/low | 5437 | 5510/5480 |
| High/low AM Official | 5437 | 5519/5480 |
| High/low AM Official | | 5519/5480 5495-8 5505-10 |
| High/low AM Official Kerb close | 5437 | 5519/5480 5495-6 |
| Highliow AM Official Kerb close Open int. | 5437 5437-8 | 5519/5480 5495-6 |
| Highliow AM Official Kerb close Open int. Total daily turnover | 5437 5437-8 16,659 5,003 | 5519/5480 5495-6 5505-10 |
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| High/Tow AM Oricle Kerb close Open int. Total daily turnover W ZINC, special high Close Previous High/Tow | 5437 5-437-8 16,659 5,003 1 grade (\$ per 1 950.5-1.5 947-8 948,5/949 | \$519/5480 \$495-8 \$505-10 \$70-2 \$69-8.5 \$772/967 |
| High/flow AM Official Kerb close Open int. Total duly tumover BY ZINC, special high Close Previous High low AM Official | 5437 5437-8 16,659 5,000 1 grade (\$ per t 950.5-1.5 947-8 | \$510/5480 \$495-8 \$505-10 conne) 870-2 969-8.5 972/967 970-0.5 |
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| HighTow AM Official Kerb close Open int. Total duly sumover W ZRNC, special high Close Previous HighTow AM Official Kerb close Open int. Total duly tumover BI COPPER, grade A Closo Previous HighTow AM Official Kerb close Open int. Total duly tumover BI COPPER, grade A Closo Chem Revious HighTow AM Official Kerb close Open int. Total duly tumover BI LIME AM Official I LIME Closing C/3 Spot 4963 3 mits 1.455 BI HIGH GRADE COys BI HIGH GRADE Coys Close Chem Close Spot 4963 3 mits 1.455 BI HIGH GRADE Coys Lime Close Chem Spot 4963 3 mits 1.455 BI HIGH GRADE COys Lime Close Spot 4963 3 mits 1.455 BI HIGH GRADE COys Lime Close Spot 4963 3 mits 1.455 BI HIGH GRADE COys Lime Close Spot 4963 3 mits 1.455 BI HIGH GRADE COys Lime Close Spot 4963 3 mits 1.455 BI HIGH GRADE COys Lime Close Spot 4963 3 mits 1.455 BI HIGH GRADE COys Lime Close Spot 4963 3 mits 1.455 BI HIGH GRADE COys Lime Close Spot 4963 3 mits 1.455 BI HIGH GRADE COys Lime Close Spot 4963 3 mits 1.455 BI HIGH GRADE COys Lime Close Spot 4963 3 mits 1.455 BI HIGH GRADE COys Lime Close Spot 4963 3 mits 1.455 BI HIGH GRADE COys Lime Close Spot 4963 3 mits 1.455 BI HIGH GRADE COys Lime Close Spot 4963 3 mits 1.455 BI HIGH GRADE COys Lime Close Spot 4963 4 mits 1.455 BI HIGH GRADE COYs Lime Close Spot 4963 4 mits 1.455 BI HIGH GRADE COYs Lime Close Spot 4064 BI HIGH GRADE COYS Lime Close BI HIGH GRADE COYS Lime Close BI HIGH GRADE COYS Lime Close BI HIGH GRADE COYS Lime Close BI HIGH GRADE COYS Lime Close BI HIGH GRADE COYS BI HIGH GRADE COYS Lime Close BI HIGH GRADE COYS BI HIGH GRADE COYS BI HIGH GRADE COYS LIME CLOSE BI HIGH GRADE COYS BI | 5437 - 8 16.659 - 5,003 grade (\$ per 1 950.5-1.5 949.5-949 949.5-949 949.5-50 101,669 27,118 (\$ per tonne) 19634 19634 19635-2.5 181,824 45,653 278 rate: 1.467 rate: 1.4690 6 other: 1.4943 9PER (COMEQ) 7 High law 92.35 82.35 92.35 82.35 92.46 83.30 92.46 | 5510/5480 5495-8 5505-10 870-2 969-9.5 972/967 970-0.5 969-70 1974-5-5 1980.5-9 1980/1984 1996/5-7 1975-6 |
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| High/flow AM Official Kerb close Open int. Total duly tumover int ZENC, special high Close Previous High/low AM Official Kerb close Open int. Total duly tumover int Close Rect close George int. Total duly tumover int Close Rect close Lame Close Rect close Special duly tumover int Lame AM Official Lame Close Rect close | 5437-8 16.659 5,003 1 grade (\$ per 1 950.5-1.5 947-8 949.5-949 949.5-50 101,669 27,118 (\$ per tonne) 1963-4 1962-3 1852.5-2.5 181,824 45.653 128 ratus 1.4677 ratus 1.4990 97 31 10 92.35 1852.5-2.5 181,824 92.70 92.40 92.70 92.40 92.70 92.45 | 5510/5480 5495-8 5505-10 870-2 989-8-5 972/967 970-0.5 969-70 1974-5-5 1988-5-9 1980-5-9 1990/1984 1996-5-7 1975-6 |
| High/flow AM Official Kerb close Open int. Total duly tumover BY ZINC, special high Close Previous High-flow AM Official Kerts close Open int. Total duly tumover BY GOPPER, grade A Close Previous High-flow AM Official Kerts close Open int. Total duly tumover BY GOPPER, grade A Close Revious High-flow AM Official Kerts close Open int. Total duly tumover BY LIME AM Official LIME Closing S/3 Spot 14963 3 miter 1.455 BH HIGH GRADE COF Elses Elses Spot 14963 5 +0.15 Jul 92.55 +0.15 Jul 92.55 +0.15 Jul 92.55 +0.15 Jul 92.55 +0.15 | 5437-8 16.659 5,003 1 grade (\$ per 1 950.5-1.5 947-8 949.5-949 949.5-50 101,669 27,118 (\$ per tonne) 1963-4 1962-3 1952-3 1952-3 1852.5-2.5 181,824 45.653 128 rate: 1.4677 rate: 1.4900 9 8 8 min:1.4943 PPER (COMEQ) 1 High low 93.16 92.25 92.29 92.40 92.70 92.45 | 5510/5480 5495-8 5505-10 570-2 969-9.5 972-967 970-0.5 569-70 1974.5-5 1988.5-9 1980/1984 1985.5-7 1975-6 2 9 mBas.1.4834 |
| High/flow AM Official Kerb close Open int. Total duly tumover int ZENC, special high Close Previous High/low AM Official Kerb close Open int. Total duly tumover int Close Rect close George int. Total duly tumover int Close Rect close Lame Close Rect close Special duly tumover int Lame AM Official Lame Close Rect close | 5437-8 16.659 5,003 1 grade (\$ per 1 950.5-1.5 947-8 949.5-949 949.5-50 101,669 27,118 (\$ per tonne) 1963-4 1962-3 1852.5-2.5 181,824 45.653 128 ratus 1.4677 ratus 1.4990 97 31 10 92.35 1852.5-2.5 181,824 92.70 92.40 92.70 92.40 92.70 92.45 | 5510/5480 5495-8 5505-10 870-2 989-8-5 972/967 970-0.5 969-70 1974-5-5 1988-5-9 1980-5-9 1990/1984 1996-5-7 1975-6 |

| PRECIOUS | METALS | |
|-------------------------|------------------|---------------|
| E LONDON BUL | | |
| | y N M Rothschik | |
| Gold (Troy oz.) | \$ price | £ aquív. |
| Close | 374.50-374.90 | z oque. |
| Opening | 376.20-376.60 | |
| Morning for | 374.5D | 249,700 |
| Afternoon fix | 374.50 | 250,033 |
| Day's High | 376.10-376.60 | |
| Day's Low | 374.10-374.30 | |
| Previous close | 375.25-375.75 | |
| Loco Ldn Meen (| Gold Landing Rat | ne file LISSS |
| I MONTH | _3.68 6 month | B |
| 2 manths | 3.74 12 mont | he4,73 |
| 3 months | 3.86 | |
| SEVER Fix | p/troy oz. | US ets equiv. |
| Spor | 342.75 | 511.75 |
| 3 ताक्तातेष्क् | 347.10 | 517,30 |
| 6 months | 351.40 | 523,25 |
| 1 year | 361.55 | 537.7D |
| Gold Coins | \$ price | £ equity. |
| Krugemand Maple Leaf | 381-384 | 254-257 |
| New Sovereign | 385.25-387.70 | • |
| onwealth | 58-91 | 59-62 |
| | | |

Precious Metals continued W GOLD COMEX (100 Troy oz.; \$/troy oz.) -3.0 - 1,000 1,000 -3.0 378.0 374.5 88,887 27,886 -3.0 378.8 377.2 14.260 803 PLATINUM NYMEX (50 Troy oz.; \$7troy oz.) -9.4 394.8 399.0 18,050 2,575 -8.4 396.5 392.0 2,408 162 -9.4 396.0 396.0 843 --9.4 400.0 396.5 944 10 PALLADRIM NYMEX (100 Troy oz.; \$/troy oz.) 138.25 -2.30 139.00 136.80 3.388 138.00 -2.30 139.50 137.00 1,463 138.00 -2.30 - 464 137.50 -2.30 - 6 274 210 M SILVER COMEX (100 Troy oz.; Cents/troy oz.) -8.8 514.0 510.0 1,913 947 -7.0 - - 5 11 -7.0 518.0 511.0 84,355 24,860 -7.0 522.0 518.5 7,955 235 -7.1 529.5 523.0 11,821 756

ENERGY M CRUDE OIL NYMEX (42,000 US gails, \$/barrel) 16.78 124.032 65.215 18.56 34,123 15,517 18.57 28,809 9,226 18.57 18,185 3,047 18.56 12,073 2,178 III CRUDE Oil, IPE (\$/barrel 18.83 15.50 58.979 04.459 15.88 15.39 47,178 15,120 15.39 15.37 16.22 4,188 15.57 16.39 17,473 2,024 15.55 15.38 5,151 783 15.56 15.41 3.858 331 HEATING OR, WHEX (42,000 US gats; clus gats) price change light Low not void 14,207 47.10 +0.44 47.46 45.56 45.53 114,207 47.45 +0.42 47.86 47.16 22,167 4,382 48.15 +0.47 49.30 47.75 13,754 1,859 49.30 +0.57 49.25 48.75 10,661 745 49.25 49.25 82.55 72 51.05 +0.57 51.05 50.70 54.86 27 22 27 7 142711 22377

| 149.50 | -0.50 | 150.50 | 148.00 | 19.029 | 5.155 | 149.50 | -0.50 | 150.00 | 148.25 | 24.124 | 5.088 | 150.50 | -0.50 | 151.25 | 450.00 | 150.50 | 672 | 152.75 | -0.50 | 152.50 | 151.00 | 6.335 | 672 | 153.75 | -0.25 | 154.00 | 152.75 | 5.585 | 328 | 156.50 | -1.56.50 | 155.50 | 5.481 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 | 386 2.035 +0.001 2.066 +0.011 2110 +0.010 2112 2085 10,708 2155 +0.012 2165 2140 7,439 2235 +0.012 2240 2230 9,732

Latest Day's Open price change High type int Yel 49.50 +0.02 49.90 +0.09 50,10 40,20 49,983 20,512 50.45 43.60 23.791 7.221 50.35 49.60 11,585 49.85 49.15 9.090 48.40 48.10 1,474

48.70 2.Dc3

MI MAZZE CBT (5,000 bu min; cents/56lb bushel) BARLEY LCE (C per tonn THE SOYABEANS CET (5,000bu milt: cards/80b bushel) SOYABEAN OIL CET (60,000 bs: cents/b) M SOYABEAN MEAL CST (100 tons; \$/ton)

Wool Prices paid at wool auctions this week increased steadily, and with offerings declining in the closing stages of the selling season it became more difficult to heapine a settlect. The Australian market indicator reached 587c/kg on May 5, a new peak for the season. Nervousness about stookpile offering to be offered by fixed schedule from July dissipated some time ago and the market is inclined now to assess this as a potentially strengthening rather than a weakening factor. The wool using inclusive is neglected to see new business coming through at the higher prices now being paid for wool. After a long quiet parted it is inoped that the lettest desire price trend is finally bringing out more buying interest. Currency volatility affecting the US and Australian obliga has disturbed price calculations during the past week.

+29 1441 1410 +35 1345 1305 +28 1230 1200

III. COCOA CSCE (10 tormes: S/tormes) WHEAT CBT (5,000bu min; cents/60th bushel) -7/0 335/4 326/0 3,045 3,355 -4/4 337/0 330/0 141,815 90,705 -5/0 340/4 332/4 31,900 5,020 -5/2 350/2 342/2 35,925 17,535 +33 1142 1142 +25 1180 1139 +24 1203 1185 +22 1240 1207 1142 232 28 1139 38,648 5,629 1165 13,915 660 1230 1238 EL COCOA (ICCO) (SDR's/tonne) -8/0 2556 258/0 47,825 35,215 -8/0 257/6 257/6 894,175 176,990 -8/0 258/6 249/4 165,010 17,115 -6/4 249/4 242/0 377,310 77,715 -6/6 258/2 259/0 35,910 4,250 -4/6 250/0 255/4 4,98/0 490 # COFFEE LCE (\$/forms) 1775 1730 2,915 404 1710 1655 18,247 1,682 1675 1625 12,623 1,786 1650 1610 5,320 314 1635 1605 5,902 43 1770 +21 +15 1698 1674 1848 1836 1608 ■ COFFEE 'C' CSCE (37,500fbs; cents/fbs) 100.20 +5.45 100.20 84.85 871 438 89.85 +4.95 100.50 83.70 35,780 11,716 99.70 +4.70 100.25 93.70 11,909 25,90 99.95 +4.35 100.10 94.40 5,908 878 99.25 +3.40 89.25 95.25 2,828 506 6580 -11/4 6684 858/2 28,485 14,605 657/0 -12/4 669/4 658/0 328,610 148,900 651/6 -12/2 664/0 651/0 39,850 8,955 630/6 -13/2 644/0 851/4 39,800 2,775 613/4 -12/6 626/0 813/0 217,790 39,805 ■ COFFEE (ICC) (US cents/pound) 28,14 -0.46 28,89 28,12 5,987 1,298 28,05 -0.41 28,52 28,00 41,050 9,671 27,72 -0.40 28,18 27,70 12,072 77,72 27,14 -0.40 27,55 27,40 17,164 534 28,16 -0.34 28,60 28,15 8,083 187 Mo7 PREMIUM RAW SUGAR LCE (certs/fbs) 12.03 +0.10 12.05 12.05 2.629 11.65 +0.13 - 292 +Q.13 -11.82 WHITE SUGAR LCE (\$/torne) 331.80 +8,10 332.00 325.00 10,701 1,633 185.3 -3.1 188.7 186.0 3.277 2.189 188.4 -3.5 189.9 188.7 38,999 19,278 186.1 -3.1 189.2 185.8 12,738 1,452 184.8 -2.8 187.8 184.0 8,142 442 182.5 -3.0 185.5 181.9 5,062 455 187.3 -3.2 184.5 180.6 16,074 2,400 331.30 +8.10 322.00 325.00 313.10 +2.90 314.00 311.00 311.00 311.00 311.00 305.60 305.60 305.60 305.60 42.00 305.00 302.50 303.70 +1.90 - 307.20 +1.90 -18,511 2,182 # SUGAR '11' CSCE (112,000fbs; cents/fbs) 7 117 CSCC (1 124000000 11.75 52,257 10,148 11.52 +0.17 11.55 11.75 52,257 10,148 11.55 +0.17 11.57 11.58 52,578 3,817 11.35 +0.13 11.38 11.31 18,955 1,465 11.35 +0.11 11.35 11.29 2,419 59 11.31 +0.05 11.34 11.30 1,214 41 83.00 -0.90 85.25 84.00 1.256 112 83.17 -0.18 83.45 82.13 27.885 5.831 76.17 +0.12 76.25 76.30 4.709 557 74.29 +0.35 74.30 73.80 16.175 3.826 75.10 +0.35 75.20 74.50 1,411 125 IN ORANGE JUICE NYCE (15,000lbs; cants/lbs) 102-20 +0.96 102-00 101-00 654 +1.10 105.50 103.00 13.149 +1.10 106.00 105.75 2.607 108.00 +1.05 108.00 108.00 1.156 +0.35 109.00 108.00 · 2,234 77 +0.25 110.20 110.15 650 1 20,471 2,412

VOLLIME DATA
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CST, NYCE, DME, CSCE and IPE Crude Oil are one INDICES RELITERS (Base: 18/9/31=100) May 4 month ago 1855.6 1818.6

R CRE Futures (Sase: 4/9/56=100)

MEAT AND LIVESTOCK M LIVE CATTLE CME (40,000lbs; cents/fbs 68.975 +0.150 68.450 68.800 28.667 10,488 68.350 -0.100 68.950 68.250 15,337 5,461 70,850 +0.050 71,425 70,800 12,174 2,974 71,650 +0.275 71,800 71,350 7,535 71,650 +0,350 71,750 71,600 2,937 72,825 +0,150 72,950 72,750 1,128 III LIVE HOGS CME (40,000lbs; cents/fbs) 48,950 -0,600 49,700 48,600 15,516 49,125 -0,575 49,800 48,660 5,857 49.125 -0.575 49.800 48.660 5.857 47.300 -0.475 47.800 47.000 3,442

43.250 -0.150 43.660 43.000

43.450 -0.225 43.750 43.050 43.450 -0.200 43.800 43.100 M PORK BELLIES CME (40,000/bs; centa/fbs) 45.100 -1.925 48.800 45.075 362 45.550 -1.800 47.400 45.500 43.900 -1.575 45.550 43.775 48.350 -0.550 80.200 48.150 48.300 -0.600 - 48.300 50,000 -2,000 50,500 50,000

LONDON TRADED OPTIONS 26 38 52 E COPPER

25 39 57 E COCOA LCE ME BRENT CRUDE IPE

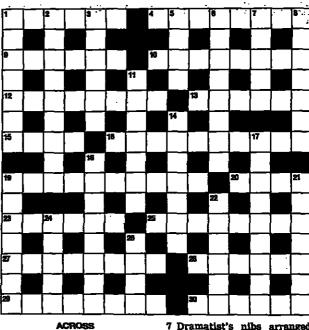
LONDON SPOT MARKETS E CFDDE OIL FOB (per berrel/Juny Brent Blend (dated) Brent Blend (Jun) W.T.L (1pm est) ■ OFL PRODUCTS N rompt delivery CIF (tonne)

\$176-178 Gas Of Heavy Fuel Oil Naphthe Jet Fuel \$162-164 Petroleum Argus Betimet Platinum (per troy oz.)
Paliackem (per troy oz.) \$390.60 Tin (Kusis Lumpur) Tin (New York) Zinc (US Prime W.) 14.28r 252.50c Unq. Cattle (five weight)† Sheep (five weight)†‡ Pigs (five weight) 127.90p 152.58p 76.70p +1.32" +9.80" -1.49" \$279.80 +6.60

Lon. day sugar (raw) Lon. day sugar (wis) Bartey (Eng. tead) Maiza (US No3 Yellox Rubber(ICL RSS No.1 Just) 257.50m Coconut Oil (Philis \$585.0z Paim Of (Malay.)§ Copra (Phills Soyabeans (US)

Cotton Outlook A Index r ringshifig, in Malayelan certafig, a May, 1 May-Jun, a Aparthey, 9 Lon Rotterburn, 8 Bullion merket close, 4 **CROSSWORD**

No.8,446 Set by DANTE



4 Explorer is eating last of the sledge dogs (8)
9 Lizard again disturbed around

round a centrepiece (5) 8 The case of broken latches (7) 11 Mad rage can lead to slaughter (7)
14 Yelled out in the hanger (7)
14 Yelled out in the hanger (7) mid-January (5) Maugham's London house (8) 17 Thinks a great deal of events are badly organised (9) 18 His second mate gets him into Craft project (6) 15 Cattle without water (4)

16 Not inclined to be honest 19 How to get round something, (2,2,5)

19 Expanding, becoming more communicative (7,3)

20 She will return to take a course (6) course (4) 23 An evil disposition that's excusable (6) 26 A slight incoherence in

25 Hold a show trial (8) Dilatory perhaps, but per-formed with skill (8) The significance of graven images out east (6) 29 Parties appeal to them (8) 30 Neglect Dad's drink (4.2)

1 Unusually thin, I am getting Vitamin B (7) 2 Breach of promise action? possibly showing

OHUOTAE OCEAN STARBOAR LRCILEG SPAGHETTI ROUS SPACHETT ROUSE
A L E C O E C
CONTEND SPIR
K S L B S
REAR PEERAS
S P E A S E
PEACH ARROWHEAD
R M A D A A R C
UNBERDLING SPARE
C L T E O T T S
EVE STRANGENESS

24 She tends to rush over certain

34.7

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JOTTER PAD





+6.50

+5.0 +5.0

LONDON STOCK EXCHANGE

MARKET REPORT

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FT-SE regains 3,100 as dollar tensions relax

By Terry Byland, UK Stock Market Editor

The absence of further developments in the US dollar left the London stock market to stage a technical recovery yesterday which took the FT-SE 100 Index back above the 3,100 mark as UK voters went to the polls in the local elections. The day was enlivened by good trading figures, an increased dividend from British Petroleum and a £65m deal in Reuters as the Abu Dhabi Investment Authority lightened its stake in the global

financial communications group. The equity rally was helped by a recovery in British government bonds and in sterling, but analysts took a restrained view of the 85.5-point gain in the FT-SE 100 to a

The market fell by 14 Footsie points in early trading but this appeared to be a reflection of the Reuters deal. The US investment bank handling the business was believed to have sold the June stock index future first as insurance transaction in Reuters stock. Once this deal was done, the US house bought back the futures contracts and the underlying market turned

The sharp rise in BP shares caught some securities traders wrong-footed and the trading screens briefly showed a backwardation - when some marketmaker bid and offer quotations are briefly out of line - as at least two US houses battled to change portfolio stances on the stock.

| Accoun | ot Dealing | Dates |
|-------------------------------|------------|--------|
| *First Doelings; Apr 25 | May 16 | Jun 6 |
| Option Declarations May 12 | Jun 2 | Jun 16 |
| Lest Dealings: May 13 | Jun 3 | Jun 17 |
| Account Days May 23 | Jun 13 | Jun 27 |

Higher dividend payouts from both BP and Bank of Scotland reinforced optimism on corporate earnings and gave the market a significant boost. Later, as it became clear that the central banks had no immediate plans for further moves to support the US dollar, tensions relaxed and shares moved up

London was helped at the close by initial firmness on Wall Street,

although analysts warned that the US payroll data, due today, could present the Federal Reserve with a further opportunity to tighten

The FT-SE Mid 250 Index climbed 12.9 to 3,770.6. Seaq volume of 688.5m aharés was some 20 per cent up from Wednesday's figure which in turn, reflected retail business worth £1.22bn, at the lower end of

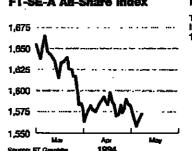
recent daily averages. The blue chip sectors were boosted by the oil majors, which are heavily weighted in all leading market indices. Elsewhere, the share price gains were more scattered. with many of the best performances coming from stocks which had suffered the most over the past two

The pharmaceutical sector, where the multinational leaders are undergoing a spree of acquisition moves sparked by moves into the US by some European groups, reported a calmer session yesterday.

Firmness in UK bonds, which have clearly shown this week that they can still upset the equity sector, provided an underpinning for the recovery trend.

But doubts were expressed as to whether the US dollar has vet stabilised and analysts admitted that stock markets remained highly vulnerable to the next move to tighten credit policy at the Federal Reserve. Such a move is widely expected at some time in the near future and the timing could now depend on the

Meanwhile, the UK equity market will watch sterling today to see the effects of the outcome of the local



200

Equity Shares Traded Turnover by volume (million). Excluding intro-market business and overseas but

Oil, Integrated

| i kej indicator: | 5 | | |
|------------------------|---------|--------|---|
| ndices and ratios | | | |
| T-SE 100 | 3106.0 | +35.5 | F |
| T-SE Mid 250 | 3770.6 | +129 | F |
| T-SE-A 350 | 1579.7 | +15.0 | F |
| T-SE-A All-Share | 1572.45 | +13.86 | 1 |
| T-SE-A All-Share yield | 3.69 | (3.72) | ı |
| est performing s | ectors | | 1 |
| Retailore Food | | ±3.4 | 1 |

| 1 | _ | |
|----------|---|---------|
| | W | orst |
| +3,4 | 1 | Tobac |
| +3.1 | 2 | Printir |
| +3.1 | 3 | Other |
| +2.4 | 4 | Water |

FT Ordinary Index T-SE-A Non Fins p/e FT-SE100 Fut Jun 3105.0 10 yr Glit yleid

| W | orst performing sectors |
|---|-------------------------|
| 1 | Tobacco1 |
| 2 | Printing, Paper & Pckg0 |
| 3 | Other Services & Bsns0 |
| | Water0 |
| | Other Beardal |

Heavy sale of Reuters

and financial information group Reuters Holdings was the most heavily traded stock in London and recorded one of its highest daily turnover totals since flo-

tation. The volume was boosted by a £65m stake sale, out by the Abu Dhabi Investment Authority.

The recovery in UK gilts and

sterling helped stock index

futures shrug off the gloom

seen in recent sessions and

Calls 6,482 Puts 5,916

the advance helped to pull the

■ FT-SE 100 INDEX FUTURES (LIFFE) \$25 per full index coint

3133.0

+48.0 +48.0 +47.5

FT-SE MID 250 INDEX FUTURES (LIFFE) 210 per full index point

IN FT-SE MIID 250 INDEX FUTURES (OMLX) 210 per full index point

FT-SE 100 INDEX OPTION (LIFFE) (*3108) £10 per full index point

3112.0 3111.0

3760.0 3765.0 +25.0 3760.0 3760.0 12

Goldman Sachs, the US

change of heart by the compa-

EQUITY FUTURES AND OPTIONS TRADING

represented a reduction of 0.8 per cent. It came just days after Reuters' key European presentation to analysts and potential customers in Geneva. However, most analysts did not believe that it pointed to a

underlying cash market higher,

The June contract on the

up 48 from its previous close

FT-SE 100 finished at 3.105.

writes Joel Kibazo.

3045.0 3065.0

investment bank, executed an

agency cross of 13.5m shares. The deal accounted for 27m of

the day's final turnover of 34m

shares and was concluded at

Authority bought 12.5 per cent

of Reuters in 1984 and was

recently quoted as holding just

under 7 per cent of the compa-ny's shares. Yesterday's deal

The Abu Dhabi Investment

ny's leading shareholder. They pointed out that Reuters shares had outperformed the FT-SE-Actuaries All-Share Index by 40 per cent over the past year. With the potential pressure of the trade out of the way, the shares ended the session 11 higher at 500p.

BP boost

but at parity with the

underlying cash market.

dominated trading, with

In the first hour. Having

the day's low of 3,045,

dragging the cash market

along with a more steady

European bond markets,

cash market once again

helped to reverse the earlier

following suit. The high of the

day was 3,112, reached in the

In the traded options, total

volume of 36.718 was little

changed from Wednesday's

retreat, with the underlying

Volume was 12,313 contracts.

Goldman Sachs reported to

have been particularly active

opened at 3,051, June fell to

The improvement in UK allts.

Earlier, sellers of the contract

The stock market was startled by the 19 per cent dividend increase announced by British Petroleum and hoisted the oil company's shares to an all-time high of 408p, before a flurry of profit-taking left the stock a net 161/2 up at 3991/2p. Turnover was 21m shares.

results in February.

were startlingly good but posed the question as to why BP was hastening to reinstate a dividend cut made only two years ago. Some of the more cynical traders still harboured a suspicion that the Kuwait Investment Office might be waiting for a good opportunity to place its near 10 per cent stake in BP, the residue of the 22 per cent holding the KIO built up in the late 1980s.

the stock since its preliminary

Dealers in the oil sector acknowledged that the figures

But industry analysts were at pains to applaud BP's performance. "It is very hard to criti-

TRADING VOLUME

■ Major Stocks Yesterday

the highest day's business in cise these figures. The company is enormously leveraged to European recovery in refin ing and chemicals," said Mr Jeremy Hudson at Lehman Brothers, the US-owned broker-

age concern. Hoare Govett, BP's broker, described the figures as "stun-ningly good" and the stock "undervalued". Goldman Sachs forecast that the shares would reach the high 400s later in the year. Mr Keith Morris at Schroders, a long-time bull of BP, said the shares' performance demonstrated the market's belief that the company can still make decent profits at \$15

Reports of swingeing cuts to come at Do It All, the home improvement subsidiary of Boots and W.H. Smith, boosted the shares in both companies. "If true, this degree of rationalisation at this price represents good value for Boots and Smith." said one stores specialist. The report that around half - or 100 - of the DIY outlets would be shut or sold at a cost of some £60m compares with City predictions of 50 closures at a cost of £55m. Boots added 12 at 559p, while Smith put on 11 at 506p. Boots was also refusing to comment on US press reports that it was talking to H.J. Heinz over the sale of its

Farley baby food subsidiary. The strong rally by the Hong Kong market triggered a big recovery in stocks such as Standard Chartered and HSBC. The latter jumped 29 to 698p and the former, whose shares are scheduled to be split four-

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (30).
SUILDING & CRISTRIN (1) Brandon Hire, BLDQ
MATLS & MCHTS (2) Epwir, Johnston, Rossel,
DISTRIBUTORS (1) Denmans Elect.,
DIVERSPIED INDLS (1) Wessel, ELECTRING &
ELECT BOUP (3) ASEA 8, Bectrolux, Eurotherm,
ENGINEERING (4) Atlas Copco B, Briton, SKF.
Wagon Ind'l, HOLISERHOLD GOODS (1) Delansy,
DIVESTMENT TRUSTS (2) F & C Inc, Gudt,
Germann Brt. Inc. LESSURG & HOTTLS 20 Gertmore Brit. Inc., LEISL Brent Walker, Ramedon's (H), MERCHANT BANKS (1) Ree Bree, OIL EXPLORATION &

BANKS (1) Ren Broe, OIL EXPLORATION & PROD (1) LEAND 99/LP Pt., OL., INTERIATED (1) SP. PRTING, PAPER & PACKED (1) PIP. PRTING, PAPER & PACKED (1) Toyndelsem Press, PROPERTY (7) High-Point, SUPPORT SEMS (1) BRIS, Page PA, Reed Executive, Segn. TEXTELES & APPAREL (1) Alexandra Worlower, THANSPORT (1) Goode Durrant, AMERICANS (1) Lower's. NEW LOWS (1835, GR.TS (37) OTHER FOCED INTEREST (1) BANKS (1) COMMEND BRIS, ELIG MATLS & MCHTS (7) Bardon, Buse Circis, Do 79-pc Prt., Caradon, Do 79-pc Prt., Norceos, RMC, DIVERSIFIED INDLS (8) ELECTRICITY (1) National Power, ELECTRIC & BLECT EDUP (1) Telemetris, Sp. SHORNEERING, (2) Powerscreen Int., Richards, EXTRACTIVE INDS (8) FOOD MANUEL (2) North's POOD MANUEL (2) North's POOD MANUEL (2) North's POOD MANUEL (2) North's ENDS (8) FOOD MANUEL (2) North's EARTHYE INDS (8) FOOD MANUEL (2) North's EARTHYE INDS (8) FOOD MANUEL (2) North's EARTHYE INDS (8) FOOD MANUF (2) Noote' EA (Reg), Sims, QAS DISTRIBUTION (1) British Gas. HEALTH CARE ere, HOUSEHOLD GOODS (5) Bradstock, Gameral Accident, Independent, London Insos. Mirt., Premium Underweiting. RIVESTIMENT TRIBSTS (24) INVESTIMENT COMPANIES (4) LESURE & HOTELS (1) Forte, LIFE ASSURANCE (2) Legal & Ganeral, Lloyda Abby Life, MEDIA (2) EMAP, AMI Wrs., MERCHART BANKS (3) Hambros, Hambros 7-Spc Prt., OIL, BITTEGRATIED (1) Excen, OTHER ENABACIAN, 42 BIND Sec. London Exchalten. CIAL (3) EWD Secs., London Fortsting, M. & G., OTHER SERVS & BUSNS (1) PAPER & PACKS (1) Crest Policy, PROPERTY (6) Billion, Cathay Int'l., Danvent Valley, Herring Baker Harris, Letinvest 11 Apc Stopd. Do 2012, RETAILERS, FOOD (2) RETAILERS, GENERAL

Barclays advanced 13 to 512p following the annual meeting, while Lloyds closed 23 better at 582p. Bank of Scotland fell to for-one this morning, rose 29 to 177p immediately following the

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Figures in braciests show number of companies, Basis US Dollars, Base Values, 1000.00 31/12/02.

Pradacaster Gold Mines Index: May 5: 199.1; day's change: -8.4 points; Year ago: 148.9 † Partial Latest prices were unpediable for this edition.

(1) Courts, SUPPORT SERVS (2) Ced

Servs., TEXTILES & APPAREL (1) Leeds.

TRANSPORT (1) NFC, WATER (4) Aid Kents

preliminary figures, reflecting profit-taking, but rallied to close a net 5 up at 188p.

Zeneca improved 9 to 697p ahead of its annual meeting today and a presentation to analysts on Monday at its research base in Cheshire. Lehman Brothers was also said to have recommended the stock at a pharmaceuticals conference focusing on emerging markets. Wellcome, another of Lehman's favoured stocks. improved 13 to 563p.

ICI benefited from the improved figures at BP, which revealed that its chemicals division had moved into profit for the first time in 18 months. ICI shares lifted 12 to 830p.

Chemicals group Laporte slipped 6 to 808p with one securities house believed to be offering a line of 1m shares around the market.

Turnover in whisky manufacturer Burn Stewart reached 6m shares as 5 per cent of the company changed hands. Dealers said the shares were bought at 108p and placed in the market at between 110p and 111p, with Cazenove thought to be responsible. Burn Stewart shares slipped 2 to 116p.

Management changes at

Sparkling spirits figures

from LVMH's far eastern

Bass were said to have unnerved some investors, together with a bout of profittaking after a recent good run. The shares retreated 9 to 558p. Scottish and Newcastle, up 11 at 523p, and Whitbread, ahead 16 at 564p, benfited from switching from Bass.

operations helped Guinness put on 6 to 482p. Luxury goods group Vendome moved forward 14 to 452p.

Airtours fully-paid shares surged 39 to 469p after presentations to Scottish institutions. The nil-paid doubled in value Turnover in Rolls-Royce rose

to 9.5m and the shares hardened 4 to 1941/2p on reports that the group may win a substantial order from Saudi Arabia. Queries over the safety of the Channel tunnel cast a

shadow over operator Eurotunnel ahead of today's official opening. The shares relinquished 8 to 460p. The market appreciated news from conglomerate Was-

sall that it planned to acquire General Cable of the US in a £178.7m deal, to be partly funded by a rights issue. The shares jumped 18 to 320p. Food retailers continued

their encouraging run. Argyll climbed 13% to 251%p on 9.8m traded, Kwik Save 16 to 567p. Tesco 81/4 to 2231/sp on 11m dealt and J. Sainsbury 151/2 to

Other big moves

Bodyshop and Bernard Matthews gained 20 at 234p and 7 at 107p on well received profits for the former and a positive annual meeting for the latter.

MARKET REPORTERS: Steve Thompson, Christopher Price. Peter John, Joel Kibazo.

■ Other statistics. Page 23

LONDON EQUITIES

| Calls 6,462 Puls 5,916 E EURO STYLE FT-SE 100 INDEX C | PTION (LIFFE) 210 per full index point | figure. Most of the trading | Celor Group 27 340 +6 Ceradon† 1,300 339 Certon Cosme.† 462 905 +11 | tor-one cans morning, rose 25 to 1719 minieutatery following the |
|--|--|---|--|--|
| 2925 2975 3025 | 3075 3125 3175 3225 3275 | activity was in the index | Celor Group 27 340 +6 Caradorn 1,300 399 Carlton Coorne, 1 482 905 +11 Control Verler 1 602 550 +6 Corleson 2,500 551 -11 Dalgaty 157 453 +1 Da La Run 1,000 906 -13 Divors 2,400 196 +2 | LONDON |
| May 1842 32 1372 62 852 142 1 Am 195 17 155 26 119 392 | 57 ¹ 2 28 31 ¹ 2 53 ¹ 2 14 84 ¹ 2 5 ¹ 2 124 ¹ 2 1 ¹ 2 170 87 57 ¹ 2 82 82 41 ¹ 2 111 26 ¹ 2 146 152 185 | options, with the FT-SE 100 option trading 12,508 lots and | Control Colorate 482 500 417 1000 233 41 1000 233 41 1000 233 41 1000 233 41 1000 233 43 430 48 1000 400 48 1000 48 1000 48 1000 4 | LONDON |
| Jul 213 28 ¹ 2 141 55 Sep 244 ¹ 2 51 ¹ 2 176 ¹ 2 81 | 84 ¹ 2 97 ¹ 2 45 ¹ 2 157 120 122 ¹ 2 76 ¹ 2 177 | the Euro FT-SE option 8,042 | Delgety 157 453 +1 De La Rust 1,000 908 -13 | LIFFE EQUITY OPTIONS |
| Dec† 284 ¹ 2 83 218 ¹ 2 114 | 163 155 116 2051 _{2 .} | contracts. Hanson was the busiest | Discores 2,400 196 +2 Eastern Gect. 296 585 +10 East Midland Bect. 148 557 +5 | Calls Puts Puts |
| Calls 5,433 Puls 2,605 " Underlying ladex walks † Long dated analys months. | e. Presidente shown are based on settlement prices. | stock option with a total of | Ensumm Spect. 288 585 +10 | Option Jul Oct Jen Jul Oct Jen Option Hery Aug Hov May Aug Nov |
| EURO STYLE FT-SE MID 250 IND | EX OPTION (OMLX) £10 per full index point | 2,142 lots dealt. The August | Eng China Chess 1,200 486 - Enterprise Ott 1,100 421 +i11 Euroquanel Units 538 460 -8 FIG 1,100 204 49 | Affect-Lyours 540 43 52% - 14% 21% - Hanson 260 9 16% 21% 1% 9% 14% (578) 589 16 27% - 41 47% - (287) 280 1 7% 12% 14% 21% 26 |
| 3750 3800 3850 May 50 35 25 60 8 95 | 3800 3956 4000 4050 4100 | 260 calls were said to have | Repress | Argyst 240 281% 24 28% 13 17 21% Lasono 134 18% 26% 28% 1% 8 9 |
| Calls 0 Puts 0 Settlement prices and volumes | ere taken at 4.30pm. | Group was next at 1,776 lots. | Forte† 2,400 230 Gen. Accident† 1,700 560 | ("251) 260 8½ 14½ 19 25½ 29 33 ("150) 154 5 14 18½ 7½ 14½ 15½ ASDA 50 9 17 12 2 4 4½ Lucas inds 200 5 16 22 3½ 12 18½ |
| | | | General Bect. f 5,500 298 ³ 2 Glavor 2,100 567 -4 | (56) 60 316 516 7 618 915 10 (201) 220 1 716 13 2016 25 31 |
| FT - SE Actuaries S | hare Indices | The UK Series | Glacor† 2,100 567 -4 Glycosed 168 375 Gymunds† 1,502 546 -2 Grand Mat.† 2,000 468 45 | Brit Airweys 390 37 47 52 11 17% 23 P & 0 650 51% 72 83% 1 14% 28% (419) 420 18% 30% 38% 25 32 37% (669) 700 11 41 55 10 34% 53% |
| | Day's Year | Div. Earn. P/E Xd adi. Total | Grimmain* 1,900 548 -2 Castrol Met.† 2,900 489 -6 CUS*† 902 597 GRE*† 1,400 188 -6 GON 847 817 +1 | Small Roban A 390 27 36% 43% 17 26% 32% Prints 1 900 17 23% 38 1 1 6% 10% |
| | May 5 chge% May 4 May 3 Apr 29 ago | yleid% yield% ratio ytd Return | GRE† 1,400 189 +5 GKN 647 617 +1 Guitmees† 4,000 482 +6 | (400) 420 13% 23 30 35 44 49% Predental 300 6 21% 25 4 13 30% |
| FT-SE 100 FT-SE Mid 250 | 3108.0 +1.2 3070.5 3100.0 3125.3 2788.3 3770.6 +0.3 3767.7 3776.3 3781.1 3114.1 | | Guimeest 4,000 482 46 HSIGC (75p shight 2,700 696 48 Hammerson 312 405 46 Hameest 10,000 2884 42 4 Heritonis Croefield 807 193 42 Heye 274 305 -1 | (7559) 600 8 18 27 55½ 61½ 67 (702) 330 1 8 12½ 30 33 39 |
| FT-SE Mid 250 ex Inv Trusts | 3787.7 +0.3 3775.8 3791.9 3797.0 3144.0 | 3.38 5.87 20.91 36.42 1384.84 | Hanson† 10,000 2664, 424, Herrisons Croefield 807 193 42 | BP 380 27 36 41% 14% 21 36 (*842.) 850 8 44% 61% 16 43 60 (*389.) 420 12% 22 28 31 38 42% Rediand 500 34% 53 63% 1 14 24% |
| FT-SE-A 360 FT-SE SmedCap | 1941.68 1942.06 1945.28 1943.05 1587.9 | 2.89 4.13 29.76 16.10 1487.19 | Heye 274 305 -1 History 1,100 167 +2 Max 342 960 +2 | British Steel 140 17% 21% 24% 5% 9% 10 (*531) 550 2 24% 37 22% 35% 51 |
| FT-SE SmellCap ex Inv Trusts FT-SE-A ALL-SHARE | 1921.31 -0.1 1922.51 1923.82 1920.44 1598.6 1572.45 +0.9 1558.59 1570.95 1580.44 1377.6 | | B45 342 360 42 1C7† 4,230 830 +12 Inchesor† 691 538 +6 | (*151) 160 7 1114 15 1516 1816 22 Royal Inscs 240 19 30 3716 114 816 1516 Bass 550 3116 52 52 2316 3016 43 (*256) 280 416 1816 2716 716 1716 2516 |
| M FT-SE Actuaries All- | Share | | Inchespet 691 538 +6 Johnson Matthey 293 609 42 Kinglisher† 2,500 592 +12 | ("557") 800 12 25 30 57 61% 73% Tesco 220 8 17% 24% 3 12 17 |
| | Day's Year May 5 chge% May 4 May 3 Apr 29 ago | Div. Earn P/E Xd adj. Total yield% yield% ratio ytd Return | Kwik Save 801 587 +16 Ladbroke† 3,100 184 +3 | Gale 8 Weg 425 38% 18 (223) 340 1 816 15 19 24 28% (427) 450 18 33 (427) 450 18 33 (427) |
| 10 MINERAL EXTRACTION(18) | 2681.94 +2.4 2618.40 2623.54 2652.69 2111.0 | 3.47 4.59 27,35 31.95 1082.86 | Land Securities† 652 655 +6 Laports 374 808 -6 | Countries 550 29% 44 52% 25 34 42 Williams 354 0 24 90 34 134 134 |
| 12 Extractive Industries(4) 15 Oil, Integrated(3) | 3873.84 3873.80 3858.44 3886.36 2912.0 2824.71 +3.1 2545.37 2563.88 2586.17 2032.6 | | Leports 374 908 -6 Lepsi & Genesit 875 441 Licyds Abbey 241 373 Licyds Bank 3,500 579 420 LASACO 11,000 150 42 | ("360") 500 1097 2297 31 59 6397 71% ("360") 384 1 11 18 2597 31 37 Cumm Union 550 32 38 47% 17 27% 31% |
| 16 Oil Exploration & Prod(11) | 1988.30 +1.3 1963.70 1967.49 1986.00 1943.8 | 3.38 1.25 80.00† 15.36 1139.36 | Loyale Remit 3,500 579 420 LSMO 11,000 150 420 LSMO 11,000 150 420 LSMO 11,000 150 420 LSMO 11,000 150 420 LSMO 12,500 430 | (*559*) 800 11 18 25 49 59 82 Option Jul Oct Jen Jul Oct Jen BAA 960 89% 79 92 23 33 42 |
| 20 GEN MANUFACTURERS(262) 21 Building & Construction(31) | 2100.48 +0.2 2096.89 2115.55 2126.05 1741.0 1324.07 +0.7 1314.27 1306.94 1311.86 1072.9 | | Londo 2,300 140 ¹ 2 - ¹ 2 Lucas 824 202 +1 | 12 800 5715 78 8315 22 3715 47 (1985) 1000 3116 5215 65 4815 58 6516 |
| 22 Building Matts & Merche(30) | 2056.43 +0.1 2055.20 2076.99 2100.07 1624.80 | 3.46 3.67 34.99 26.58 958.44 | MEPC† 39 486 -2 MFI 112 162 42 | Kingdisher 550 51 611/4 73 15 241/4 31 PARK 1 500 FIR 121/4 151/4 571/4 61 651/4 |
| 23 Chemicale(21) 24 Diversified Industrials(16) | 2542.03 +0.3 2533.97 2549.10 2549.25 2137.0 2098.53 +0.7 2084.23 2115.95 2138.94 1809.5 | 4.38 4.42 28.58 30.45 1054.85 | Martina & Spencer† 2,900 490 -1 Michael Blact. 156 684 +6 | (*591) 600 231/2 351/4 48 39 491/5 58 Option June Sep Dec Jun Sep Dec |
| 25 Electronic & Elect Equip(34) 26 Engineering(71) | 2045,49 +0.1 2043,99 2055,70 2058,07 1905,80 1968,90 1968,94 1968,65 1993,15 1488,20 | | McGanda Elect. 158 684 +6 Morrison (Win.) 3,400 123 | Land Secur 650 21 31 37% 29% 35 41% Abbey Nati 390 36% 45% 54 4 12% 17% (653) 790 5 13% 29% 69% 72 75 (419) 420 15% 28% 37% 14% 25% 31 |
| 27 Engineering, Vehicles(12) | 2449.44 +0.2 2443.95 2460.46 2454.99 1773.6 | 4.28 2.16 64,79 32,42 1171,44 | NFC† 2,400 224 -1 Natificat Bank† 3,500 445 +0 National Power† 2,500 423 +6 | Mains 6.5 420 21% 31% 37 14% 18% 23 Accepted 30 5% 7% 8 1% 3 4 |
| 28 Printing, Paper & Pokg(27) 29 Textiles & Apparel(20) | 2941.07 -0.8 2984.68 2990.20 2982.52 2330.6 1811.88 +0.2 1807.72 1828.03 1824.03 1808.5 | | Next 3,200 235 +6 North West Water† 804 481 +1 | Nativest 420 42% 46 55% 10% 18% 20% Barclays 500 26% 43 53 12 25% 34 |
| 30 CONSUMER GOODS(95) | 2739.37 +0.3 2732.45 2765.83 2753.69 2730.00 2296.24 +0.5 2285.31 2280.25 2293.10 2092.50 | | Northern Bect. 456 621 +8 Northern Foods† 488 221 -1 | (512) 550 7% 20% 38% 43% 54% 83 Sainstoury 390 19 29% 38% 22% 29 35 Sike Circle 280 21 32% 37 6 13% 18 |
| 31 Braweries(17) 32 Spirits, Wines & Ciders(10) | 2976.30 +0.8 2952.93 2964.89 3002.57 2806.50 | 3.62 6.51 17.87 41.70 984.36 | Norwab 754 629 +4 Pearson† 273 636 -1 P & O† 935 700 +8 | (7392) 420 81/4 191/4 25 45 51 54 (7293) 300 9 22 27 151/4 231/4 281/4 |
| 39 Food Manufacturers(29) 34 Household Goods(13) | 2353.94 +0.8 2334.24 2362.08 2368.32 2312.50 2730.11 +0.3 2721.90 2722.65 2728.78 2278.10 | | P&O† 935 700 +8 PBdrgton 4,900 198 Presentert 818 426 47 | Shelf Trans. 700 43 54 821/1 141/2 27 32 Battish See 280 81/151/1 18 15 191/2 281/ (720) 750 17 281/4 321/4 381/4 53 581/4 (726) 300 3 8 10 31 331/4 40 |
| 36 Health Care(20) 37 Pharmaceuticals(11) | 1719.72 +0.3 1713.84 1719.93 1712.16 1672.20 2784.75 +0.1 2780.72 2861.86 2780.50 3085.10 | | Plikington 4,900 195 PowerCert 618 499 47 Prudental† 1,100 303 41 PMC† 288 902 -7 RTZ† 1,200 844 | Storebouse 200 1994 2574 29 614 914 13 Oberns 180 2014 29 2974 314 11 13 (*213) 220 614 16 1874 17 2014 2314 (*195) 200 7 15 1814 1114 2114 2314 |
| 38 Tobacco(1) | 3745.73 -1.8 3812.84 3846.40 3938.68 3857.20 | | Marking & Spencer 2,900 450 -1 | Translagar 97 12 61/4 _ Hillestown 160 121/4 19 23 31/4 81/4 91/4 |
| 40 SIERVICES(220) 41 Distributors(31) | 2050.55 +0.9 2032.20 2042.35 2054.43 1740.00 3061.60 +0.3 3042.77 3060.80 3087.28 2687.80 | | Renal 2,000 239 +½ Rarik Cru-† 3,000 452 -5 Recidit & Colman† 713 678 +4 Radand† 1,400 552 +8 Red Int.† 1,500 845 +6 Raminist† 706 234 42 | (*103.) 106 7 11½ (*166.) 180 3½ 9½ 13½ 16 20½ 21 Underer 1060 61 75½ 90½ 27½ 38½ 45½ Londo 140 8½ 17 22½ 8 16 19 |
| 42 Leistare & Hotels(23) | 2235.94 +0.3 2229.97 2245.26 2255.27 1693.10 | 3.20 4.20 27.94 18.93 1087.70 | Reed Ind.† 1,500 845 +8 Rentald† 796 294 +2 | (*1064) 1100 28 50% 63% 56 63% 71 (*140.) 160 3 6% 14% 23 28 32 |
| 43 Medit(39) 44 Retellers, Food(17) | 3086.88 +0.8 3061.89 3118.43 3162.18 2238.40 1643.73 +3.4 1589.81 1560.67 1568.29 1884.40 | | Reutem† 34,000 600 +11 Rota Roycut 9,900 194½ 44 | Zenec) 650 65 76% 85 10% 22% 26 Medi Power 420 15 28 34 19% 27% 32% (696) 700 32% 46 56% 30 44% 50% (*422) 460 3% 12 18% 50 65 58 |
| 45 Retailers, General(44) 48 Support Services(40) | 1782.30 +0.7 1749.30 1756.10 1760.24 1484.10 1689.39 +0.4 1668.14 1675.40 1680.28 1496.30 | | Rota Royce† 9,800 19412 +4 Ryl Bk Scotland† 780 400 #9 Royel Insurance† 1,200 287 Sainsbury† 11,000 3821 ₂ +141 ₂ | Option May Aug Nov May Aug Nov Scot Power 330 25 34 38 6 171/ 201/ |
| 49 Transport(16) | 2500.21 +0.2 2495.02 2518.42 2533.43 1981.40 | 3.37 4.06 28.23 15.14 984.57 | Saintbuy† 11,000 382½ +14½ Schoolers 3 1278 -2 Scottish & New.† 1,900 523 +11 | Grand Met 480 11 29 40% 40% 21 28 (7346) 380 9 19 25 20% 33% 37 (486) 500 1 129% 22 38% 46% 52 Sears 120 5 8% 11% 6 8% 11 |
| 51 Other Services & Business(10) 60 UTILITIES(36) | 1217.43 -0.7 1226.60 1204.58 1189.73 1224.80 2214.86 +0.8 2198.66 2203.38 2221.75 2047.90 | | Scotten & New.† 1,900 523 +11 Scot. Hydro-Bect. 681 336 +6 Scotten Power† 2,800 348 +7 | Ladingke 180 8th 17 24 21 101 151 (*121) 130 2 5 71 14 16 174 (*184) 200 1 81 15 171 221 28 Forte 220 161 251 271 5h 11 15 |
| 62 Electricity(17) | 2101.27 +1.2 2075.57 2091.80 2105.38 1672.40 | | Seest 4,200 121 ¹ 2 1 ¹ 2 Seest 341 199 | Und Bisculfa 330 26 38% 47% 2% 9% 14% ("229) 240 6% 15% 17% 16 22% 26 |
| 64 Gas Distribution(2) 68 Telecommunications(4) | 1881.94 +0.6 1871.10 1883.27 1912.06 1980.60 1976.30 +1.0 1957.42 1960.52 1971.43 1857.30 | | Seeboard 638 317 +4 | (*353 } 380 314 2114 3014 11 21 2814 Terrmac 185 15 5 Option Jun Sep Dec Jun Sep Dec (*166) 174 8 15 |
| 68 Water(13) | 1666.13 -0.3 1670.26 1688.91 1682.75 1718.70 | | Several Trenst 2,500 483 49 Shelt Trensport 14,000 721 415 Sebet 912 598 -12 | Persons 140 14 21 2814 61/2 111/2 161/4 Thorn EM 1100 611/3 B41/2 184 201/3 54 861/3 |
| 69 NON-FINANCIALS(631) | 1707.83 +0.7 1695.50 1707.80 1714.92 1505.83 | | Seeboard 638 317 4 Seven Trent† 2,500 483 49 Svill Tapagart† 14,000 721 416 Sebet† 912 596 -12 Stough Esta 1,100 250 -1 Smith (M/H.) A 2,500 506 412 | (*147) 160 6 12 16% 17 23% 28% (*1132) 1150 35% 57% 77 43% 81% 53% 158 200 17 26% 28 4 10% 14 |
| 70 FINANCIALS(109) 71 Banics(10) | 2162.58 +1.9 2122.98 2148.99 2183.97 1867.76 2706.06 +3.1 2626.12 2674.35 2738.26 2292.76 | | Smith & Naphew† 2,800 145 +1 Smit Beachem† 2,700 400 +1 | Option Hay Aug Nov Hay Aug Nov (*211) 220 8% 14% 18 14 21% 25 |
| 73 Insurance(16) | 1306.79 +1.0 1293.82 1291.07 1298.87 1269.00 | 4.89 10.72 10.49 27.84 883.05 | Smith Beecham Urs.† 730 386 -3 Smiths Inds. 596 496 42 | Brit Aeru 460 25 36 71 4% 29% 42% Tourisine 240 12% 25% 26% 77% 15% 15% (479) 500 4 35% 52 26 48 64 (*244) 260 4% 11% 15% 20% 26% 30% |
| 74 Life Assurance(8) 75 Merchent Bento(8) | 2886.12 +0.7 2886.31 2947.73 2969.24 2397.70 | 3,31 10.56 11,02 23.28 963.76 | Southern Elect.† 525 574 South White Elect. 192 637 47 | 9AT inche 420 38 44% 50% 1½ 5% 19 Wellcome 550 33% 57% 68 17 36 45 (446) 460 2½ 21 29½ 16 28 41 (562) 600 12 34% 46 48 65 72½ |
| 77 Other Financial(24) 79 Property(39) | 1887.28 -0.2 1891.92 1899.36 1892.45 1422.76 1626.43 +0.4 1620.31 1636.96 1648.32 1208.30 | | South West Water 652 497 -1 South West Blect. 710 587 49 Southern Water 123 491 -7 | Option Jul Oct Jan Jul Oct Jan |
| 80 INVESTMENT TRUSTS(122) | 2829.08 +0.5 2816.06 2838.30 2846.37 2239.20 | | Stangers Cherts 7 951 955 429 Stangers 634 213 -1 | 8TR 360 31½ 41 46 1 7½ 14 Giano 550 46½ 62 88 21½ 42½ 48 (388) 380 6 22 30½ 6½ 18 27 (569) 600 23 38 47 49½ 71½ 77½ |
| 89 FT-SE-A ALL-SHARE(858) | 1572.45 +0.9 1858.59 1670.95 1680.44 1977.69 | 3.69 6.03 19.99 17.11 1216.16 | Sun Altencer 1,500 327 +6 TSN 450 249 +12 | BEN 1500000 3500 16 27 h 33 1 h 14 18 h HSBC 750 dec 650 80 97 h 113 25 39 h 49 |
| ■ Hourly movements | | | Sun Alliancet 1,800 327 46 TRN 450 249 12 TR Groupt 1,900 405 11 TBSt 5,300 211 45 Tarment 3,800 167 482 | Carbony Sch 453 28 1 Reuters 5000 29 387x 517x 23 34 41 |
| Open 9.00 | 10.00 11.00 12.00 18.00 14.00 | 15.00 16.10 High/day Low/day | Terrisor† 3,600 167 +8 ³ 2 Tate & Lyte 1,200 494 Taylor Woodrow 721 152 +3 | Order Mar has New Mer has New |
| FT-SE 100 3067.9 3063 | | 3097.5 3105.9 3106.3 3068.2 | Sun Allencer 1,000 327 48 TAM 459 249 +12 11 Group† 1,300 405 +1 1381† 5,300 167 492 168 1,200 494 178 178 178 178 178 178 188 1,200 494 189 | (585) 800 4 25 35% 18% 46 54 Rolls-Royce 180 18% 28% 29 1 7 12 |
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| Time of FT-SE 100 High 4.25pm Low 8.40e | | | Unique 78 394 e1 Uniquer† 890 1088 e17 United States† 711 355 e1 | [*298] 300 31/1 13 18 51/1 19 23 May 6, Total contracts: 36,656 Calls: 22,000 Puts: 14,656 |
| # FT-SE Actuaries 350 | | | Utd. Neverpapers 243 533 +4 Vadefoort 2,800 550 44% | TT AGE BUILD WAREY |
| Open 9.00 | 10.00 11.00 12.00 13.00 14.00 15.0 | | Westung (SG)† 330 899 +15 Wellcome† 4,400 553 +13 Wellcome† 122 804 | FT GOLD MINES INDEX |
| | 1253.2 1261.6 1261.6 1261.6 1261.8 1261 2768.7 2775.3 2778.2 2775.8 2775.4 2765 | 8 2758.6 2755.4 2751.2 +4.2 | Welch Water 122 604 Wesser Water 188 506 Whitproach 1,200 564 +16 | May 15, chop May May Yeer Stoce (Av 52 week 4 oo daty 3 2 ago yieki 15 High Love |
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| | | | Welcone† 4,400 653 +13 Welch Weiser 122 694 Wessext Water 186 568 Whitmens† 1,200 564 +10 Willige Compon 650 230 +2 Winzpey 415 201 +10 Winzpey 415 201 +10 Winzpey 415 201 +10 Winzpey 415 201 +3 Yorkshine Sleez 353 563 +3 Yorkshine Water 420 479 +1 | at Ragional Indices |
| Additional information on the FT-SE Actuaries Limited, One Southwark Bridge, Lendon SE1 | Share Indicate to published in Saturday bases. Lists of consist 841. The FT-SE Actuates Share Indicate Sarvice, which covers STAT as the same address. - Charactella Indian. The FT-SE Mid 250, FT-SE | rents are evaluate from The Financial Times a range of electronic and paper-based products | Yorkshire Beez. 353 563 43 Yorkshire Weter 420 479 41 | Africa (16) 2559.82 -6.7 2713.20 2775.15 2018.10 4.69 3440.80 1861.50 Australiais (2) 2216.83 -2.7 2276.12 2251.69 1568.22 2.13 3013.89 1568.22 |
| relating to these indices, is evaluable from FIN The FT "500" has been renamed FT-SE-A No | STAT at the same address. - Smandels Index. The FT-SE 100, the FT-SE Mid 250, FT-SE. | | Zeneca† 2,000 697 49 Based on tracing volume for a selection of tracing | North America (11) 1564.25 +1.7 1538.07 1553.66 1365.69 0.62 2038.65 1356.54 |

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FINANCIAL TIMES EQUITY INDICES May 5 May 4 May 3 Apr 29 Apr 28 Yr ago "High "Low

| Ordinary Share | 2481,9 | 2463.8 | 2494.1 | 2505.8 | 2504.2 | 2188.5 | 2713.6 | 2439.2 |
|---------------------|------------|------------|--------------|-----------|------------|----------|---------|--------|
| Ord. div. yleid | 4.01 | 4.03 | 3.93 | 3.97 | 3.97 | 4.23 | 4.05 | 3.43 |
| Earn. yld. % full | 5.47 | 5.49 | 5.42 | 5.40 | 5,41 | 6.37 | 5.51 | 3.82 |
| P/E nationet | 19.62 | 19.56 | 19.79 | 19.87 | 19.85 | 19.44 | 33.43 | 19.46 |
| P/E ratio nil | 20.51 | 20,45 | 20.69 | 20.77 | 20.75 | 18.17 | 30.80 | 20.37 |
| For 1884. Ordinary | Shere inde | x since or | emplitation: | high 2713 | 16 2/02/94 | low 49.4 | 26/6/40 | |
| T Ordinary Share in | rdex base | date 1/7/3 | 5. | | | | | |
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| | May 5 | Ma | y 4 | May 3 | Apr 2 | 29 A | pr 28 | Yr ago |
| SEAQ bargains | 23,99 | 2 22 | .884 | 24,632 | 24.2 | 22 ; | 26.405 | 28.15 |
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| Shares traded (mi)† | | - 4 | 94.7 | 507.3 | 484 | 1.0 | 683.8 | 618. |
| † Excluding Intro-merket bu | siness an | d overse: | M Turniqu | w. | _ | | | |

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 Accidional Information on the FT-SE Advantes Starre Indicate in published in Saturday Issues. Lists of constituents are evaluate from The Financial Times United, One Southwark Bridge, Lendon SE1 941. The FT-SE Advantes Starre Indicas Sawica, which others a range of electronic and paper-based products relating to these Indicas, as usualized from FRISTAT as the same socious. The FT-SE Mid 250, FT-SE Advantes is S50 and the FT-SE Advantes Indicates The FT-SE 100, the FT-SE Mid 250, FT-SE Advantes is S50 and the FT-SE Advantes Indicates the same socious of by the international Stock Exchange of the United Stangton and Republic of festing and the FT-SE Advantes All-Stars Indicates complete by The Financial Times Limited, both in conjunction with the Institute of Advantes and the Faculty of Advantes under a standard set of ground rules. Of the International Stock Exchange of the United Stangton and Republic of Februard United 1859. On the Financial Times Limited 1864. All of the FT-SE Advantes and service marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Advantes Stars Indices are audited by The WMI Company. † Sector PMI raidos greater than S0 are not shown. ‡ Values are negative.

FINANCIAL TIMES FRIDAY MAY 6 1994 LONDON SHARE SERVICE 地方设备第2 كَلُّمُم | | \$ | كـلــا | | أما | فرقر (فيفيترك | أم | | | 1 مع | | أم | | إم | | إم | إم الم إم ال 0.002 2.5 11 10.3 1.5 11 10.3 المستوام المدماخ الخالط الفقط المتولق الهذم لتفهفر أماء الدا المافضة الماهضة الماجية المنطق مدخة المنطق المنطق المنطف الماءا المامنية المنطق المنطف الماعضة المنطق المنطقة ا 255756888861128458140858541886445858848845858584884587884587848 <mark>使分型形 4 化新代名尔德斯斯斯</mark>克斯 4 加纳西斯斯尔科洛拉特·普拉斯特 1 1 8 16 3.5 700年 行注题是在现金的 " 50000 100000 10000 500 453 15A 453 25B 453 15A 453 25B 453 15A 455 25B 45 | Males | Male 보 IT [14] IT [14] IT IT 105 47.5
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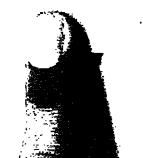
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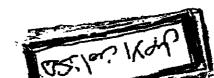


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| 34 | FINANCIAL TIMES FRIDAY MAY 6 1994 |
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Money Market

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MARKETS REPORT

Dollar holds firm

Central bank intervention to support the dollar appeared to have worked yesterday as the US currency traded in a fairly stable range against the D-Mark and the yen, writes Philip Gawith.

The dollar closed yesterday in London at DM1.6682 against the DMark from DM1.662 on Wednesday. Against the yen it finished at Y102.695 from Y102.205.

There was no sign of central bank intervention, with the market seemingly taking a breather ahead of the release of important US non-farm payroll data today.

Few observers believe the dollar's woes are behind it. The focus of attention now is on what sort of follow-up activity can be expected. Options include further intervention, US or German interest rate changes supportive of the dollar, or market-access measures in the case of Japan.

Elsewhere the French franc was firm after the Bank of France cut its intervention rate by ten basis points to 5.60 per cent. The peseta and the escudo were weak after the overnight arrest of the former Bank of Spain governor for tax fraud. Swedish and Austrian interest rates were also cut.

Analysts said the sight of up

to 17 central banks operating in concert on Wednesday appeared to have "frightened off" the market. Mr Akis Karayiannis, head of foreign exchange at Lehmaun Brothers, commented: "Markets will perhaps take on a central bank if its on its own. But if more than three banks do something in the market, the market will respect that." Fresh impetus for the markets could come today with the release of labour market statistics. The market is anticipating a 200,000 increase in jobs. If the figure is less than anticipated, this would aggravate the dol-

Fed tightening is imminent. The market yesterday was come unde tion soug more Kara

lar's woes by undermining the

consensus view that another

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that a change of trend was tak-

ing place. "Central banks are concerned about volatility. They do not change trends. I think they want to smooth the process, not to change the direction. Mr Steve Hannah, head of

research at IBJ International in London, commented: "The intervention by itself is help-ful, but not a sufficient condition to arrest the dollar's downward move." He suggested that it needed to be supported by shifts in interest rates, with US rates rising and German rates falling. Attention will be on the Bundesbank council when it meets next Wednesday to see whether it

cuts the discount rate. One possible complication for the Bundesbank in supporting the dollar is that this inflates the money supply, already well beyond its target range. The Bundesbank will hardly welcome further complications in an area that has already caused embarrass-

If the bank chooses to counteract this effect by draining money from the system, it will put upward pressure on money market rates at a time when it is hoping to ease policy. If the intervention is left unsteriltrends - supporting lower rates in Germany and higher rates in the US - leads some analysis to argue that the intervention has a good chance of succeed-

CURRENCIES AND MONEY

■ The D-Mark was firmer against most European curren-cies yesterday. It closed at FFr3.428 against the French franc from FF13.424.

The Portuguese escudo continues to suffer from the fall-out of the political scandal in Spain. It finished slightly weaker at Es103 from Es102.8.

The Spanish peseta, however, recovered some ground after prime minister Mr Felipe Gonzalez said he had no intention of resigning and would continue as head of govern-

■ The after-effects of Wednesday's intervention was seen in German money markets yester-day, with call money easing to 5.35/5.45 per cent from 5.45/5.55 per cent. Analysts said this reflected the anticipation of rate cuts, sparked by com-ments earlier this week from Bundesbank council members, as well as the expectation of a large inflow of cash from the currency intervention.

This bullish sentiment was also evident in the futures market, with the June euro-mark contract settling at 95.05, thirteen basis points up. Volumes were good with over 47,000 lots traded.

Sterling futures also finished higher. The June contract closed at 94.59, up from 94.56. Volumes were fairly light, with only 9.482 lots traded. In the UK money market, the Bank of England provided £320m of late assistance. Earlier the Bank had provided £373 assistance. after forecasting a £850m short-

age.
Sterling had a steady day, tracking the dollar, and finished at DM2.4969 from DM2.491. Against the dollar it was barely changed at \$1.4968 from \$1,4988.

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| orway | (NKI) | 7 <i>.</i> 2413 | +0.0362 | 403 - 423 | 7.2610 | 7,1794 | 7.25 | -1,5 | 7.2625 | -1.2 | 7.2733 | -04 | 95.0 |
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| witzerland | (SFr) | 1,4187 | +0.0042 | 183 - 190 | 1.4218 | 1.4070 | 1,4365 | -15.0 | 1.4175 | 0.3 | 1.4018 | 1.2 | |
| K | (E) | 1.4968 | -0.002 | 965 - 970 | 1.5015 | 1.4937 | 1.4955 | 1.0 | 1.4942 | 0.7 | 1.4908 | 0.4 | |
| CAT. | - | 1.1541 | -0.0058 | 538 - 543 | 1.1684 | 1_1500 | 1.1523 | 1.8 | 1,1507 | 1.2 | 1.1517 | 0.2 | - |
| OR | _ | 1.42537 | - | - | - | - | - | - | - | - | - | - | _ |
| mericas | | | | | | | | | | | | | |
| gentina | (Pesci) | 0.9968 | -0,0005 | 987 - 989 | 0.9990 | 0.9967 | - | - | - | - | - | - | - |
| च्य े | (Cri | 1389.53 | +22,37 | 952 - 954 | 1389.54 | 1389.52 | - | - | - | - | - | - | - |
| anada 💮 💮 | (CS) | 1,3862 | -0,0001 | 858 - 865 | 1.3880 | 1.3858 | 1.3884 | -1.9 | 1.3925 | -1.8 | 1.4077 | -1.6 | 82.9 |
| enico (New | Peso) | 3,3070 | +0.017 | 020 - 120 | 3.3120 | 3.2500 | 3.308 | -0.4 | 3.3098 | -0.3 | 3.3172 | -0.3 | - |
| SA | (\$) | - | - | | - | - | - | ~ | | - | - | - | 89 .7 |
| acific/Middle | | Africa | | | | | | | | | | | |
| ustralia. | (A\$) | 1,3991 | -0,0039 | 986 - 996 | 1,4081 | 1.3931 | 1.4003 | -1.1 | 1.405 | -1,7 | 1.4156 | -1.2 | 88.1 |
| ong Kong | CHIKSS | 7.7263 | -0.0002 | 260 - 265 | 7,7265 | 7.7200 | 7.7293 | -0.5 | 7.7353 | -0,5 | 7.7601 | -0.4 | - |
| đa – | (Rs) | 31.3688 | +0.0013 | 650 - 725 | 31.3725 | 31,3850 | 31,4338 | -2.5 | 31.5688 | -2.6 | - | - | - |
| ecen | m | 102,895 | +0.49 | 670 - 720 | 103,090 | 101,800 | 102.54 | 1.8 | 102.145 | 2.1 | 99,83 | 28 | 149.6 |
| elaysia | (MS) | 2.6636 | -0.0135 | 625 - 645 | 2,6775 | 2,6323 | 2.6585 | 3.2 | 2.641 | 3,4 | 2,7035 | ~1.5 | - |
| ew Zeeland | (NZS) | 1.7309 | -0.0024 | 298 - 319 | 1,7319 | 1.7286 | 1.7322 | -0.9 | 1.7367 | -1.3 | 1.7586 | ~1.6 | - |
| hillopines | (Peso) | 27,2000 | +0.05 | 500 - 500 | 27,3500 | 27.0500 | - | - | - | - | - | - | - |
| audi Arabia | (SR) | 3.7504 | +0.0004 | 502 - 505 | 3,7506 | 3.7502 | 3.7511 | -02 | 3.7534 | -0.3 | 3.7649 | -0.4 | - |
| ngapore | (SS) | 1.5577 | +0.0012 | 572 - 582 | 1.5588 | 1.5545 | 1.5571 | 0.5 | 1.5566 | 0.3 | 1.5552 | 0.2 | _ |
| Africa (Com.) | (FO) | 3.6215 | | 200 - 230 | 3.6388 | 3.8015 | 3.638 | -5.5 | 3.664 | -4.7 | 3.757 | -3.7 | _ |
| Africa (Fin.) | Ř | 4.7900 | | 800 - 000 | 4.8400 | 4,7450 | 4.824 | -8.5 | 4.884 | -7.8 | | | _ |
| outh Kores | (Won) | 806,100 | | 000 - 200 | 806.200 | | 809.1 | -4.5 | 812.6 | -32 | 831.1 | -3.1 | _ |
| siwan | (13) | 26.5200 | | 100 - 300 | | 26,4500 | 26.5855 | -3.0 | 26.688 | -25 | | | _ |
| nasiand | (Bt) | 25.2200 | | 100 - 300 | 25,2300 | | 25.3 | -3.8 | 25,425 | -33 | 25.945 | _9 a | _ |
| DR rate for Me | • | | | - 400 | | | | | | | | | _ |

| concerne understar tion had sought t more car Karavian | id why taken achie i be ar | h tr the place, ve, a ticipa | ying intervented what ad what ated. | en- it uat Mr | press rates. The would | ture e faci d the | on m t that n be | ioney interworkin | wnward market vention ig with market | May 5 Hungury Ican Kawait Peland Russia U.A.E. | 153.785 2635.00 0,444 33571.5 2773.60 5,4965 | - 0.4452 - 33442.9 - 2784.06 | 102.750 1748.00 0.2969 22390.0 1853.00 | \$ - 102,800 - 1750,00 - 0,2974 - 22340,0 - 1860,80 - 3,6735 | S Air S Afr Souti Takw Thaik †SDR | end rate for M | (15) (Won) (15) (81) by 4. Blow | 1.5577 3.8215 4.7900 806.100 26.5200 25.2200 | +0.06 +0.065 +0.01 ds in the Dol | 200 - 230 800 - 000 000 - 200 8 100 - 300 2 | 1,5588 1,55 3,6388 3,60 4,8400 4,74 06,200 805,8 65,5300 26,45 52,2300 25,18 over the first section of the least | 15 3.63 50 4.62 00 809. 00 26.585 00 25. | 18 -5.5 14 -8.5 11 -4.5 15 -3.0 3 -3.8 11 places | 3.664 4.884 812.6 26.686 25.425 Forward rate | -4.7 -7.8 -3.2 -2.5 -3.3 2 tes are not c | 1.5552 0.2 3.757 -3.7 831.1 -3.1 25.945 -2.9 Receip quickle | 7 - 1 - 9 - of to the marks |
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| CROSS | | | | | | | | | | _ | | | | | U.S. 2 | of Birkerin C | y Curing | PEGION, 180 | | d a pro se do: | COO III OO QANA | icy, e.r. ma | | | | | |
| EXCHA | IGE C | ROSS | RAT | ES | | | | | | | | | | | | | - | | - | EMS E | LIROPEA | N CUR | RENC | Y UNI | T RAT | EŚ | |
| May | | BFr | DK | - | FFr | DM | Æ | L | R | MC | Es | Pta | SKr | SFr | £ | C\$ | \$ | Y | Бсц | May 5 | Ecu cen | Rest | , | Change | % +/- tro | | |
| Selgium | (BF | | 19.0 | | | 4.857 | 2.002 | 4884 | 5.456 | 21.09 | 600.5 | 399.5 | 22.48 | 4.131 | 1.946 | 4.036 | 2.911 | 299.1 | 2,524 | | retes | ageinet | | an dey | Cen. reb | | |
| Denmerk France | (DK) | | | | | 2.555 2.917 | 1.053 | 2484 2813 | 2.870 3.277 | 11.10 12.67 | 263.3 300.6 | 210.1 239.9 | 11.82 13.50 | 2.173 2.481 | 1.024 | 2.123 2.424 | 1.591 1.748 | 157.3 179.6 | 1,328 1,516 | ireland Natherland | 0.808626 2.19672 | | | 0.000045 +0.00014 | -1.48 -1.36 | 4.76 4.63 | |
| Gennery | (DN | | | | .428 | 1 | 0,412 | 964.3 | 1.123 | 4.348 | 103.0 | 82.25 | 4.627 | 0.851 | 0.401 | 0.831 | 0.599 | 61,58 | 0,520 | Belgium | 40,2123 | | | +0.0077 | -1.20 -1.22 | 4.47 | |
| tretand | , (es | | | | | 2.426 | 1 | 2339 | 2.725 | 10.53 | 250.0 | 199.5 | 11.22 | 2.063 | 0.972 | 2.016 | 1.454 | 149.4 | 1.260 | Germany | 1.94964 | | | -0.00039 | -1.04 | 4.29 | |
| ttaly Netherlands | ů. |) 2.135 1 18.33 | | | | 0.104 0.890 | 0.043 0.367 | 100. 858.4 | 0.116 1 | 0,450 3,886 | 10.69 91.73 | 8.529 73.22 | 0.480 4.119 | 0.088 0.757 | 0.042 0.357 | 0.086 0.740 | 0.062 0.534 | 6.386 54.81 | 0.054 0.463 | Françe Denmark | 8.53883 7.43679 | | | +0.00428 +0.00681 | 1.16 1.61 | 2.02 1.57 | |
| Norway | (NK) | | 9.01 | | | 2.303 | 0.948 | 2220 | 2.587 | 10 | 237.3 | 189.4 | 10.65 | 1.958 | 0.928 | 1.913 | 1,380 | 141.8 | 1.196 | Portugal | 192,854 | | | -1.155 | 2.52 | 0.67 | |
| Portugal | (Ge | 19.98 | 3.79 | | | 0.970 | 0.400 | 935.8 | 1.090 | 4.215 | 100. | 79,82 | 4,491 | 0.825 | 0.389 | 0.806 | 0.582 | 59,76 | 0.504 | Spelic | 154,250 | | | +0.412 | 3.21 | 0.00 | |
| Spain Swed≊n | (Pti | | | | | 1,216 2,161 | 0.501 0.891 | 1172 2084 | 1.366 2.426 | | 125.3 222.7 | 100. 177.7 | 5.626 10 | 1,034 1,838 | 0.487 0.886 | 1.010 1.796 | 0.729 1.295 | 74,87 133.1 | 0.632 1.123 | NON ERM | PHEPTOCOG | | | | | | |
| Switzerland | (SP | | 4.80 | | | 2.101 1,176 | 0.485 | 1134 | 1.321 | | 121.1 | 96.70 | 5.440 | 1.030 | 0.471 | 0.977 | 0.705 | 72.40 | 0.611 | Greece | 284,513 | 283.9 | 64 | -0.199 | 7.35 | -3.86 | B - |
| UK | (2 | | 9.77 | | | 2.498 | 1.029 | 2407 | 2804 | | 257.2 | 205.3 | 11.55 | 2.123 | 1 | 2.074 | 1.498 | 153.7 | 1.297 | Italy | 1793,19 | | | +6.92 | 4.16 | -0.91 | |
| Canada US | (C | | 4.71 6.53 | | | 1.203 1.668 | 0.496 0.868 | 1161 1609 | 1.352 1.874 | 5.227 7.246 | 124.0 171,9 | 98.99 137.2 | 5.569 7.721 | 1.024 1.419 | 0.482 0.688 | 1 1,386 | 0.721 1 | 74.11 102.7 | 0.625 0.867 | UK | 0.788749 | | | 0.003285 | -1,85 | 5.15 | _ |
| Japan | ñ | | 63.5 | | | 16.24 | 6.695 | 15660 | 18.24 | 70.53 | 1673 | 1336 | 75.15 | 13.81 | 6.506 | 13.49 | 9.733 | 1000. | 8.439 | Percentage d | ites not by the E langua are for E | icu; a positiv | e change | denotite a w | eak currenc | y. Divergence | shows the |
| Ecu | _ | 39.62 | | | | 1,924 | 0,793 | 1856 | 2.162 | 8.358 | 198.3 | 158.3 | 8.905 | 1.837 | 0.771 | 1.599 | 1.163 | 118.5 | 1 | ratio between for a currence | two apreads: 18 , and the masin | 10 percentago Turn cermitos | a differin d percent | pa between f base deviatio | the actual m m of the cur | arket and Ecu maco's market | u conqual rates, et make form lite |
| Yan per 1,000 | Danish Kit | ner, Fro | ch Franc, | , Nonve _l | gian Kron | ner and S | keedish k | Cronor per | 10; Belgian | Franc, Escu | do, Lina a | nd Poteta | per 100. | | | | | | | Esu central n | 161 . | - | - | _ | | • | |
| E D-MARK | FUTURE | S (MM) | DM 125 | ,000 pe | er DM | | | | | | PARESE | YES FU | TURES (| IMM) Yen | 12.5 pe | r Yen 100 | | | | | ling and itslian i | | | | | | |
| | Ореп | Lates | Cha | nge | High | Lo | w E | ≘st. voi ∈ | Open int. | | | lgen | Latest | Chenge | High | h La | w E | St. Voi | Open int. | | ELPHIA SE | | | ,250 (cent: |) per poun | <u>d)</u> | |
| Jun | 0.6042 | 0.599 | | 063 | 0.6043 | | | 62,941 | 114,716 | Jun | | | 0.9750 | -0.0089 | | | 721 2 | 27,422 | 62,192 | Strike | | CALLE | - | | | PUTS | - |
| Sep Dec | 0.5977 0.5990 | 0.599 | | 1051 1060 | 0.5991 | 0.59 | | 436 131 | 3,950 208 | Sep Dec | | | 0.9815 0.9880 | -0.0089 | | | 900 | 384 92 | 3,286 | Price 1.425 | May 7.15 | Jun 7.13 | | Jul 7.32 | May | Jun | Ju |
| | V.3650 | U.3356 | | 200 | 0.3550 | U.Q | 380 | 131 | 240 | Dec | · · | 8000 | 0.3000 | -0.0108 | Ų.860 | 85 0.9 | B/U | 92 | 850 | 1.460 | 4.68 | 4.87 | | 7.32 5.29 | : | 0.08 0.29 | 0.37 0.81 |
| | | | | | | | | | | | | | | | _ | | | | | 1.475 | 2.40 | 2.93 | : | 3.55 | 0.14 | 0.84 | 1.58 |
| # SWISS P | OURC PU | I CHES | (Siverell 2) | H 125, | onn ber | SHY | | | | 21 | DELING | FUTURE | 5 (MM) 1 | 262,500 p | 2 E | | | | | 1.500 1.525 | 0.69 0.09 | 1.53 0.67 | | <u>2.2</u> 4 1.30 | 0.94 | 1.88 | 2.62 |
| Jun | 0.7105 | 0.705 | | 065 | 0.7105 | | | 18,083 | 40,824 | Jun | | | 1.4974 | -0.0036 | | | | 18,106 | 48,110 | 1.550 | 0.05 | 0.23 | | 1.30 1.89 | 2.78 5.15 | 3.48 5.51 | 4,16 6.03 |
| Sap Dec | 0.7057 | 0.707 | 5 -U.O | 009 | 0.7075 | מא | 055 | 87 | 768 | Sep Dec | 1. | 4920 | 1.4944 1.4930 | -0.0050 | 1,496 | 80 t,4 1,4 | | 240 9 | 1,190 37 | Previous day | s vol., Calla 13,4 | | | | | | |
| | | | | | | | | | - | | | - | 1.7000 | - | _ | | ••• | • | 31 | | | | | | | | |
| WORL | INTE | REST | RAT | ES | | | · . | | | | | | | | | | | | | 13)7-170 | TEREST | | | 선생들의 | | | - |
| | | | | | | | | | | | | | | | | S- 544 | | | | | | | | وببيد | | | |
| MONEY May 5 | | _ | ne T | Tree | Sbx | ~~ | | P4- | n | | | | | KUTUR | | | | | | 1 | N MONE | | ES | | | | |
| may o | | | | nths | mths | One year | Lomb. Inter. | | Repo rate | • | | • | ett price | Change | | | | | Open int. | May 5 | | | days | One | Three | Stx. | One |
| Selgium | | 5 <u></u> - | 64 | 54 | 54 | 50 | 7.40 | | | Jun Sep | | | 95.05 95.25 | +0.13 +0.13 | 95.07 95.27 | | | 47682 62283 | 201265 162942 | | | | otice | month | months | | year |
| week ago | | 51 | 58 | 5% | 5% | 50 | 7.40 | 4.75 | = | Dec | 8 | 5.03 | 95,15 | +0.14 | 95.17 | 7 95 | 03 | 51732 | 177387 | Interbank St. Sterling CDs | | 3-5 5 - | 4-5 | 5½ - 5 5½ - 5½ | 5¼ - 5⅓ 5å - 5å | | |
| France Week auto | | | 5% 5% | 5% 58 | 5 <u>11</u> 52 | 51) 5% | 5.70 5.70 | | 7.75 | Mar | - | | 95.04 | +0.11 | 95.00 | | | 37159 | 188630 | Treasury Bit | | - | - | 4 - 4 | 54 - 54 40 - 41 | | 316 - 34 |
| Gennany week alto | | | | 3g 5.20 | 5.13 | 5.07 | 6.50 | | 7.75 5.47 | - 19 | REE NO | | | MT,RAT | | | | Om points | or 100% | Bank Sale | ih. dana 41' | - 5 40 40 | - 412 | 414 - 476 | 4弘 - 4强 | 516 - 516 | |
| week ago | 5 | .55 | | 5.38 | 5.32 | 5.28 | 6.50 | | 5,47 | | | | ett price | Change | - | | | | Open int. | Discount Ma | ity deps. 417 rkst Decs. 54 | -46 49 -54 5 | - 4½ | 5 ₁₆ - 5 | 5% - 5% | : 5 ³ 8 - 5 ³ 4 | 016 - 516 |
| treland week ago | | 5% 5% | 52 51 | 6 6 | 6 <u>2</u> 63 | 6 <u>5</u> | - | - | 6.50 8.50 | Jun Sep | | | 92.24 92.37 | -0.01 -0.01 | 92.30 92.41 | | | 5015 2150 | 44826 28934 | [| | | | | | | |
| ttaty | | 37 4 | 81 | 72 | 78 | 81 | - | 8.00 | 8.27 | Dec | 9 | 2.22 | 92 <u>.2</u> 4 | -0.01 | 92.20 | 8 92 | 20 | 263B | 33613 | UK dearing | benk bese ien | - | - | | | | |
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| week ago | | | | 5. 33 | 5.33 | 5.13 5.32 | | 5.25 5.25 | = | 111 | | | | S FRANC | | | | o points o | 100% | Certs of To- | dep. (£100,00 | | 11/2 | 4 | 3% | 3% | 312 |
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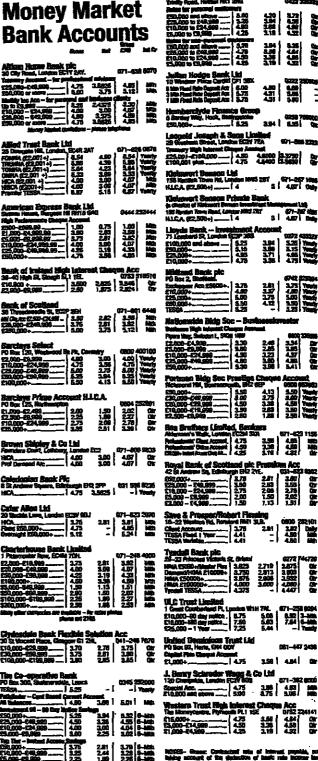
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| ONEY RATES *** ** ** ** ** ** ** ** ** | | 0.7007 | | | -0.0000 | U. rurg | w.a | ~ | or . | 790 | | 1,4020 | | ~0.0030 | 1,4000 | | | |
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| ### 22 | THE PARTY | | 5.40 | | 5.20 | 5.13 | 5.07 | 6.50 | 5.00 | 5,47 | | | | | | | | |
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| ## Typermet MACHTY EXCLUPITATIONS QUEFFE) Equit points of 100% ## Typermet MACHTY London ## A 4 4 4 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 | | | | | | | | _ | | - | | | | | | | | |
| Common C | | | | | | | | - | | - | | | | | | 82.63 | 52 | 845 |
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| ## A | | | ion | | | | | | | | | | | | | | | <u> </u> |
| Page | | bdng | - | 414 | 48 | 42 | 5& | _ | _ | _ | la | | | _ | - | | | • |
| Delier Cibe - 1.90 4.22 4.65 6.25 | neek pgo | | - | 4% | | | | | _ | _ | | | | | | 94.39 | 1101 | 11676 |
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| **Strategy of the strain of th | | | - | | 422 | 4.03 | 0.25 | _ | | | | | GA 45 | | | | | |
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| Tabled De maid retinue: 1 miles: \$1; 2 miles: \$1; 4 mil | rek ago | ~ | - | | | | | _ | - | - | Mar | 94.19 | 94.25 | | | | | |
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| Sport 7 citys One Three St. One form motites months months when the months would be sport from the sport of the st. of th | veek ago R Unived veek ago J Unived D | le cald rat | | 3% 3% h: 5%; 3 | 4 3% mths; 5%; | 41 3% 8 mm; 6 | 4 <u>8</u> 4 N: 1 year | 5%, \$ U | BOR Inte | rbank fluing | Mar • UPFE tub | 94.19 ms traded on | 94.25 APT | +0.06 | 94.24 | 94.19 | | |
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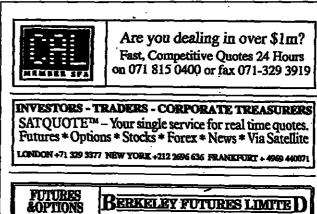
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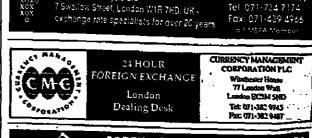






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| FINANCIAL TIMES FRIDAY MAY 6 1994 | | |
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US stocks wary ahead of economic data

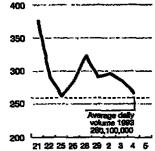
Wall Street

US stocks improved yesterday morning though many investors were staying on the sidelines ahead of today's important economic data, writes Frank McGurty in New York. By 1 pm, the Dow Jones Industrial Average was 8.93 better at 3,706.68, while the

more broadly based Standard & Poor's 500 inched 0.49 ahead to 452.21 in uninspired trading. in the secondary markets, the American SE composite receded 1.35 to 442.44, but the Nasdag composite added 1.67 at

With the Labor Department due to release its report on

MYSE volume



April employment trends this morning, investors were generally unwilling to make fresh commitments. The data will give them the first comprehensive reading of the economy's strength in the second quarter, and could suggest the timing and aggressiveness of the Federal Reserve's next move to lift interest rates.

Economists were expecting an increase in non-farm payrolls of about 170,000, after March's surge of 456,000, the largest monthly gain since October 1987. The announcement of a slight rise in claims for unemployment benefit last week gave reason to be optimistic that inflationary bottle-

the labour market. Bonds were little changed during the morning, but equity investors in recent sessions had tended to downplay movements in the Treasury market. A modest rally by the dollar against the yen and D-Mark was generally ignored.
With US chain stores report-

ing their April sales, retailers were relatively active. Analysts said the results, although mixed were not a source of concern because the Easter shopping period had fallen in March this year. Sears Roebuck gained \$1 at

48% on a 12.3 per cent sales jump for stores opened at least a year. Gap Stores, with no change in same-store sales, shed \$% to \$47%.

FPL Group, the holding com-pany for Florida Power & Light, dropped \$2 to \$31% when Merrill Lynch lowered its ratings on the stock.

Among energy issues, British Petroleum ADRs jumped \$2% to \$71% after posting strong first-quarter results. Chevron added \$1 at \$87%. Texaco was up \$1 at \$64%. In financial services, Salo-

mon climbed \$2 to \$50% after its board waived a restriction preventing Berkshire Hathaway, controlled by Mr Warren Buffett, from raising its stake in the company to more than 20 per cent before October.

Canada

Toronto stocks drifted lower at midday as investors awaited details of the Ontario budget, due later in the session. The TSE-300 composite index was off 8.72 at 4,260.41 in vol-

ume of 39.5m shares. The precious metals index was down I per cent at midday, pressured by lower gold prices. Lac Minerals dipped

C\$% to C\$11%. PanCanadian Petroleum was down C\$1 at C\$431/2 after reporting slightly lower first quarter earnings on Wednes-

Madrid rebounds after González performance

Bourses recovered some ground in the afternoon, with political uncertainties offering a variety of effects, writes Our

MADRID got another pound of flesh as Mr Carlos Solchaga, effectively the Spanish Social-ist party's chief whip, added his resignation to those of two other government ministers; but it enjoyed an unflappable performance from the prime minister, Mr Felipe González, who refused to resign and pointed to support from the Catalan nationists. The currency, bond and equity markets went up in

Mr Salvador Martinez, of the international sales desk at Asesores Bursatiles in Madrid, observed that equitities, down 6 per cent since the latest bout of political scandals began, would probably have risen if Mr González had resigned, or called new elections. As it was, the market got an interim conclusion and, after hitting a low of 307.57, the general index responded with a rise of 4.68, 1.5 per cent to 316.25. AMSTERDAM was easier,

although a sharp fall in Phil-

ips, on profit-taking following strong results earlier in the week, was set against a good gain in Royal Dutch. The AEX index slipped 1.01 to 410.73. market remained alightly uneasy following this week's general election. This resulted in a loss of power for the Christian Democrat/Labour party coalition, and necessitated the search for what is

NatWest Markets said that anew administration could be formed from the Labour party, the Christian Democrats and D66, a left-of-centre grouping, under the premiership of Mr Wim Kok, of Labour. This solution would be satisfactory for the Dutch financial markets. NatWest added, since there was likely to be a continuation of "the reasonably tough monetary and fiscal stance of the previous Lubbers government, with no threat to the strong

expected to be a three-way

Philips fell Fl 3.10 to Fl 53.50, while its Polygram subsidiary added Fl 1.90 to Fl 75.80. James Capel yesterday downgraded Polygram to hold, and said

FT-SE Actuaries Share Indices THE EUROPEAN SERIES Open 18.30 11.00 12.00 13.00 14.00 15.00 Closs Hourly changes FT-SE Eurotrack 100 1438.08 1437.96 1438.61 1442.87 1448.38 1449.41 1448.97 1448.16 FT-SE Eurotrack 200 1467.28 1488.83 1457.40 1488.48 1488.48 1468.32 1468.66 1468.74 AK ZI Apr 29 Apr 28

that it preferred Philips on the basis that, in the short-term, cyclical stocks were likely to outperform the market. Royal Dutch improved Fi 2.70

to Fl 200.70 helped by a gain in crude dil prices. PARIS took comfort from another slight easing by the Bank of France in the intervention rate - the third in as

many weeks - and the CAC-40

index gained 21.05 or 1 per cent to 2.162.62 Turnover remained weak, estimated at below FF13bn. One of the day's features was Rhône-Poulenc, off FFr3.20 at FFr151.80, but up from a session low of FFr148.20, following a sharp fall in first quarter profits. The chemical group's

results were in line with most

analysis' expectations. LVMH featured among the day's risers, the shares advancing FFr22 to FFr941, after it orted a 28 per cent increase in first quarter turnover.

FRANKFURT fell on the session, the Dax index losing 13.18 at 2.235.84 under pressure from falling bond prices and worries about the weakness of the US dollar. However, the afternoon sawa bounce in the bund future, said Mr Edgar Benischek, head of trading at Bank Julius Bär in Frankfurt, and the Ibis-indicated Dax went along, reaching a post-bourse close of 2,249.78.

Turnover eased from DM8bn to DM7.8bn. Lufthansa resumed trading after a day's

tion of the government's stake in the airline; the share's outperformance over the past year, however, was reversed on profit-taking for a drop of DM13.80, or 6.3 per cent to DM206, and only slightly retrieved with a rise to DM208.40 after hours.

ZURICH focused on falls in shares influenced by Mr Mar-tin Ebner's BZ Bank as Swiss equities continued their gen-

eral downtrend. The SMI blue chip index fell to a new closing low of 2,680.8, down 24.8 but up from an intraday low of 2,667.3. Roche certificates, an Ebner target this year and an oasis of relative strength until recently, fell another SF185 to SF12,6265.

Meanwhile, the BZ quoted investment offshoots, BK vision and PharmaVision, fell by SF1150 to SFr4,900, and by SFr60 to SFr1,375 respectively. There was talk that the BZ group's ability to continue buying its favoured stocks might be compromised by the recent ebb in enthusiasm for international equity investment.

MILAN fell back as the market remained beset by uncertainty regarding the formation of the new administration. The Comit index lost 9.15 or 1 per cent to 774.04

Fiat went against the trend adding L150 to L6,790 on an increase in car sales during

Fondiaria recaptured Wednesday's losses, up LS35 to 1.16,505.

STOCKHOLM was encouraged both by a cut in interest rates and good first quarter results from Electrolux, whose B shares rose SKr6 to SKr429 The Affärsvärlden general index closed 10.2 higher at

ISTANBUL extended its technical rebound, rising another 5.1 per cent for a three-day gain of 12 per cent after a fail of 37 per cent since mid-April The composite index ended 769.7 higher at 15,900.68.

WARSAW saw a similar bounce, the Wig index rising 369.1, or 3.3 per cent to 11,389.4 after a fall of more than 20 per cent last week.

Written and edited by William

Australia falls to 7-month low on job package worries

With the exception of Hong Kong and Rombay the region's markets were easier, partly affected by the overnight fall on Wall Street. Tokyo remained closed for Golden Week - the market reopens today - while Seoul and Bang-

kok were also on holiday. **AUSTRALIA** fell as investors worried over what the government might do to finance its A\$6.5bn job creation programme. The All Ordinaries index declined 30.3 to 1,988.1, its lowest close since October 1993. Turnover was A\$581.6m.

Speculation that Leighton

The market has fallen 15.4 per cent from its all-time high of 2.350.1 set on February 3. News Corp, which lifted its nine-month net profits by 54 per cent to A\$991.6m, retreated 29 cents to A\$9.22. Brokers remarked that the result was within expectations and that profits had been taken after the stock's recently strong per-

Holdings could win the bid for Sydney's A\$800m casino, to be announced today, left the shares 10 cents up at A\$2.30. The golds index declined 40.5 to 2,001.0, with Newcrest shedding 25 cents to A\$5.35.

HONG KONG staged a late technical rebound to finish modestly higher, the Hang Seng index gaining a net 43.44 at 8,412.88 after hitting an intraday low for the year of 8.249.20 in morning trade. Sentiment remained weak,

with the poor health of Deng Xiaoping, the Chinese leader, among factors overhanging the market. Properties, regarded as oversold in recent sessions, rose 220.05, or 1.6 per cent, to 14.405.71. Among smaller stocks, Sum

Cheong jumped 26 per cent, or HK\$1.25 to HK\$5.90 on rumours, later denied, that its application for a Singaporean listing was being reconsidered. MANILA saw profit-taking

rise, with Philippine Long Distance Telephone leading the sell-off. The composite index dipped 84.05 to 2,980.00 in turnover of 1.4m pesos. PLDT receded 3.5 per cent to

1,925 pesos, largely on arbitrage related activity, although a 13 per cent fall in its firstquarter net profits affected sen-KUALA LUMPUR recorded

its largest single-day fall since

April 4, the composite index

dropping 21,24, or 2 per cent, to 1,007.01. Volume eased from 146.8m shares to 139.6m. Golden Phis, an investment holding group, relinquished 60 cents to M\$11.40 on profit-taking following a sharp rise last week on suggestions that it might establish a gaming ven-

ture in China. SINGAPORE fell on light selling by foreign funds which, said brokers, could be switching into the cheaper Hong Kong stock market. The Straits Times Industrial index closed

stayed thin, at 121.9m shares. DBS Land eased 2 cents to S\$4.68, although it denied that cents higher at T\$26.80.

it was planning a share placing. Seapower Asia Investment, to be taken over by Richard Li, son of the Hong Kong billionaire Li Kah-shing, fell 31 cents to S\$2.03, with investors disappointed by a poor offer price, S\$1.45, and a weak 1994

TAIPEI saw late profit-taking and, after a high of 5,993.03, the weighted index ended just 9.23 up at 5,916.77. Turnover was T\$89.8bn (T\$84.29bn).

Plastics attracted late buying on expectations for the industry's improving profits. For-mosa Chemical Fibres surged T\$1.90 to T\$38.40 and China Petrochemical moved ahead 60

cents to T\$27.60. The textile sector led early gains on reports that Hualon Corp. a leading textile company, had been granted British loans for its investment in

Northern Ireland. A Hualon spokesman declined to confirm the reports. Hualon ended 40

BOMBAY recovered from the day's lows on buying by Indian mutual funds and brokers on expectations that the carry forward or badla trading system would be reintroduced in the near future. The BSE index rose 13.76 to 3,614.24.

There was no immediate confirmation from the government of the rumour. The ban had been introduced by the Securities and Exchange Board of India on the grounds that the local system of forward trading had been leading to excessive speculation.

WELLINGTON tumbled 2.9 per cent to a 1994 closing low of 2,012.82, with the bearish tone set by Telecom, weaker in the US overnight and shedding 28 cents to NZ\$4.65. Telecom reports annual results on

Weakness in Telecom flowed

through into the other leaders. but their falls were not nearly as pronounced. Turnover, a NZ\$60m, was at its highest level so far this week.

KARACHI closed higher on institutional support which erased early losses and took the KSE index up 23.65 to 2,405.37. COLOMBO put in a recovery after a bear run, the CSE all-share index improving 26.09 to 1,017.17 after a 12 per cent fall in the previous four trading days. Turnover rose from Rs142.8m to Rs191m.

SOUTH AFRICA

Investors took profits in subdued trading as political nervousness continued to dominate activity ahead of the delayed final election result.

The overall index fell 22 to 5.231, industrials 26 to 6,349 and golds 40 to 1,819. Angles backed the trend, adding R1 at R220. while De Beers slipped R1.75 to R105.25.

Nintendo shares no fun in 1994

Emiko Terazono on reaction to the gamemaker's revised forecasts

Tintendo, the Japanese leading video game maker, bas had a bad time on the Tokyo stock market over the past seven

Poor sales in Europe, the strengthening of the yen, the lack of new products and increasing competition have hurt earnings, forcing the com-pany to revise down its initial profits estimates for the business year ended last March.

This year the stock has lost 9.5 per cent, in sharp contrast to the Nikkei 225-share index which, in spite of its recent weakness, is still 12.3 per cent

to the good.

There has been turnoil in video game shares since the Nintendo sell-off started last October, following its downward earnings revision. The revelation that the company would be posting its first earnings decline in a decade with pre-tax profits of Y121bn, against earlier expectations of Y170bn, prompted panic selling of the stock and of other game makers' shares, including Sega

Nintendo, hovering around Y9.400 before the announce-

Jointy compiled by The NATIONAL AND REGIONAL MARKETS Figures in potentheses

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United Kingdom (205)...

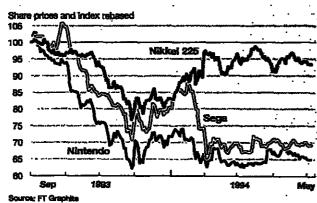
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ment, plunged to Y7,000 by the end of the year, while Sega lost 23 per cent over the two months to December. The sharp falls followed a spectacular rise on growth expectations during the late 1980s. "Nin-tendo was overbought and is suffering an aftermath," says

by the global recession and by competition in Europe, where it faced increasing competition

Index Index

105.49 141.08
116.16 155.35
113.01 151.14
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97.50 130.40
112.85 150.84
93.54 125.19
220.49 294.89
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129.88 173.71
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from Sega. Nintendo was also slow in responding to consumer demand in quality graphics, and fell behind Sega in introducing 16-bit high quality video game hardware.

The unexpected appreciation

For the current year, ana-

164.16 181.34 182.49 179.38 176.67 173.84 129.94 122.72 284.04 259.51 152.43 149.82 179.02 176.95 146.49 143.48 149.82 179.02 175.12 154.43 481.05 472.81 1940.99 1907.70 1205.02 201.51 65.75 64.62 193.15 155.02 245.99 271.28 266.37 141.70 139.27 129.78 151.15 158.36 182.44 183.69 181.52

175.27 158.32 217.74 214.00 164.74 161.92 167.72 164.84 181.29 176.18 157.25 154.55 240.45 236.33 168.72 168.19 171.12 168.19 172.42 169.48 183.49 180.35

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147.42 180,99 186,33 214,75 140,98 110,45 143,53 129,99 155,14 180,92 134,58 142,54 205,78 220,16 144,39 133,16 146,44 145,37 147,55 146,37

173.01 170.05 110.80 148.08 149.31 178.97 155.17 159.07

of the yen has also hurt profits, since the company exports all of its products for the US mar-Mr Jason James, strategist at James Capel in Tokyo. kets from Japan. Company offi-cials have hinted that the rise Many investors, too, had not expected the company to be hit in the yen during the first quarter of this year may have done further damage,

lysts are pessimistic. Nintendo wants to concentrate its resources on joint product development of a 64-bit machine with Silicon Graphics, the US computer company, and will not join the race with Mat-sushita Electric Industrial and Sony, the consumer electronics companies, and Sega all introducing new 32-bit products this

Over the long term Nintendo nay regain its innovative reputation due to high-tech advances from Silicon Graphics. But in the short term its failure to bridge the new prod-uct gap between now and next year is expected to undermine its status as the industry

For investors, Sega may now be the pick of the video games industry. To minimise cur-rency risks and cut costs, the company has shifted 50 per cent of its production to Taiwan, Hong Kong and China, and is able to subsidise its earnings with income from its arcade business. "At the moment, Sega seems to be looking best for Christmas." says Mr Joseph Osha, an analyst at Baring Securities.

176.67 141.92 145.31 121.46 1275.79 207.58 156.72 85.54 185.37 149.60 147.07 107.59 506.56 271.42 209.33 155.83 96.03 57.88 165.91 124.54 621.63 312.51 244.768 1451 12

821.83 312.51 2647.08 1431.17 207.43 163.30 77.58 46.43 206.42 150.61 378.92 288.62 280.28 175.98 116.33 155.79 116.33 121.14 214.96 170.32 196.04 178.95

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| First Qua | rter 1994 | Result | S | | |
| | 1994 (unaudited) | 1993 | % Chg. | | |
| Sales (000,000) Nel Income (000,000) | \$2,648,2 \$3 57,7 | \$2,457.8 \$302.5 | 7.7 18.2 | | |
| Earnings per Share* | \$0.59 | \$0.50 | 18.0 | | |
| Assets (000,000) Access Lines (000) | \$24,669.5 13.416 | \$24,307.5 12.961 | 1.5 3.5 | | |
| Cellular Customers (000) | 2,206 | 1,513 | 46.0 | | |
| *1993 nel income aud aumings per steen am belons extraordinary tres of \$99,4 million and currulative official of accounting changes triuling (22,127.2) million. | | | | | |

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hy do recruiters place so much store on psychometric on psychometric testing? It is a question puz-References to the second zling many would-be barristers of the range of the same who, in spite of sometimes daz-Course of the second zling academic records, have failed to win a place at the Bar Frat a ... law school this year.

One of the students who failed the selection system, which included the use of a critical reasoning examination - a type of ability test - was sday given leave to have a judicial review of the decision. This will examine the revised entry procedure, used this year for the first time in British of the state of the state of awarding the 800 places on the one-year vocational course that is the main requirement for entry to the Bar.

The irony is that the new system, devised partly to sift out perceived prejudices, particularly against women and ethnic minority candidates, appears to have given minorities no better chance of entry and perhaps less than before.

There may be question marks, it seems, over the design of the selection system which was intended to broaden the basis of recruitment to the Bar. The motive was laudable. But some believe the law school should no longer retain

ENERGING MARKETS

Jobs: The way that psychometric tests are applied is attracting renewed scrutiny

Laying down the laws of selection

its monopoly as the only route were ranked higher in the and Development, a St Alban's use of the tests, despite 40 or true there may well be a danto the Bar.

The Council of Legal Education, which runs the course, is now looking at the possibilities of making changes to the way the tests are implemented. It may not have been unreasonable, however, to introduce additional selection criteria, looking beyond the possession of university degrees.

Part of any new test might involve knowledge of the real world with multiple choice questions such as "Is Gazza (a) a city in Italy, (b) a place where Palestinians live, or (c) a footballer? It is only two years ago, you may recall, that the High Court judge, Sir Jeremiah Harman, asked "Who is Gazza?" during a court hearing.

Sometimes the way that tests are applied can make lit-tle sense. British Rail was last year found to have discriminated against Asian rail guards who wanted to be train drivers. They were given verbal tests which they failed. When it was pointed out that verbal skills

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requirements for the jobs they were already doing than the jobs they had applied for, the industrial tribunal had no hesitation over ruling in their favour.

The problem with psychometric tests, as in many selection procedures, is probably one of balance in the way they are used. Finding that balance, given the continuing debate about the effectiveness of testing, is proving difficult and causing confusion among managers interested in exploring such methods.

Psychometric testing is divided into two areas - ability tests and personality tests or questionnaires. While ability tests in themselves appear to have widespread support among psychologists, there is dissenting opinion about the use of personality testing to measure performance (person-ality criteria were not used for the bar exam).

SEARCH & SELECTION

Steve Blinkhorn and Charles Johnson, occupational psychologist at Psychometric Research cient to form a basis of routine

consultancy, earned the opprobrium of many of their fellow and growing." practitioners three years ago Their argument is contra-

for casting doubt on the use of personality testing to predict iob performance. They accused those who applied some tests of using pseudo science which, they said, "bamboozles an unsophisticated public". It was strong stuff, particularly since it criticised some of

the leading tests on the market. In the April edition of The Psychologist magazine they buttressed their arguments with further claims that "proponents of the use of personality tests for occupational selection continue to play fast and loose with statistical methods. and to make claims which do not stand up to close inspection." Their latest critique in The

Psychologist concluded: "There is no body of public knowledge relating scores on personality tests taken as part of a selection procedure to objective criteria of later performance suffimore years of research. Yet their routine use is widespread

dicted by leading test publishers such as Saville and Holdsworth. Roy Davis, the company's head of marketing, said the value of personality questionnaires as a predictor of success in a job was "statistically proven" but, he added "they must be used with other

No wonder some recruiters have reservations. Many, however, do not. Employers appear to be placing increasing trust on the recruitment skills of their personnel departments who in turn are often eager to embrace the latest testing methods. "Going on tests and training courses is like getting a badge in the boy scouts for personnel officers," said Blinkhorn.

ric testing is being commandeered by personnel officers in order to better define their professional expertise. If this is

He suggests that psychomet-

ger of too much weight given to testing in selection. It should not become the altar on which budding careers are sacrificed.

Whatever the outcome of the judicial review in the Bar selection case, the argument for a more considered evaluation of tests seems convincing.

 A report released by KPMG Peat Marwick last week showed that companies still had some way to go to bring their recruitment of non-executive directors into line with the requirements of the Cadbury report on corporate

The finding that some 51 per cent of appointments were per-sonal selections of the chairman might have raised a few eyebrows among Cadbury devotees but would have caused little surprise in many boardrooms more versed in the reality of selection.

That reality was underlined by other KPMG findings which

ment, many relied heavily on information from the company itself. Even after their appointment few of them did much in the way of contacting external showed that 12 per cent of sources beyond talking to the appointments were on the recommendation of an investauditors. Less than a third of them ment institution. 12 per cent by said they consulted the press, another non-executive director. 11 per cent sourced indepenspoke to brokers, bankers or institutional shareholders. dently through a recruitment consultant, 13 per cent from a Less than 10 per cent bothered

nominations committee and to consult ProNed and hardly anyone got in touch with the just six per cent through Pro-Ned, the search specialists for Confederation of British non-executive directorships. Industry. The only group of non-executives more likely to look outside for information both The reason the percentages add up to more than 100 is that some replies gave multiple The fact that KPMG had

before and after their appointment, it said, were those who had been recommended by an investment institution. The report says rather deli-

they were asked from which sources they sought informa-

tion prior to their appoint-

cately: "This inward focus when seeking information prior to the appointment could suggest either a high degree of existing knowledge, complacency or lack of faith in external advisers." It could also reinforce the jaundiced belief that a non-executive directorship can be money for old

Richard Donkin

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SOUTH AFRICA

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Due to overwhelming levels of business a number of leading international corporate finance houses need talented, committed individuals to further enhance their enviable pan-European reputations.

This is an ideal first career move for people keen to demonstrate their commercial awareness in a fast moving environment where excellence is rewarded with early

You will be:

done no specific analysis of women will have dismayed

those who have been champi-

oning women as an important

source of fresh blood for board-

suggest that, while many com-

panies may be attracting the

quality of non-executive that

they deserve, it might some-

times fall short of being the

than in non-executives' use of

information sources. When

Nowhere is this more evident

quality they require.

Other findings of the report

- 24-28 years old with stunning academics (2:1 minimum). An ACA or strategy consultant or MBA graduate from a top school.
- Able to demonstrate an entrepreneurial spirit and an
- Preferably fluent in one other European language. Call today to discuss these superb opportunities.

Risk Management/Equity Derivatives £24-£40,000 + benefits

This energetic derivatives group continues to expand to meet growing business demands. As a team, they manage risk exposure, create and present solutions to clients and provide strategic advice to traders. As a potential candidate, you will have a quantitative

background and be educated to degree level (minimum 2:1). At least 2 years financial sector experience is essential preferably with exposure to derivative instruments including swaps, options and futures. You will also possess commercial acumen, excellent written and interpersonal skills and be able to demonstrate the ability to think laterally in order to add value to this

innovative team. Prospects are excellent for the right Please contact Zoë ide or Richard Pooley on (071) 583 0073 (do or 081-749 6450 (evenings and wackends) or write to us at 16-18 New Bridge Street, London EC4V 6AU Fax No: 071 353 3908.

BADENOCH & CLARK

recruitment specialists

THE TORONTO-DOMINION BANK

Corporate Banking

The Toronto Dominion Bank has an enviable reputation for providing a broad range of financial products to major corporate entities throughout the UK and Continental Europe. After considerable success and in order to further enhance the Bank's profile in these markets they now seek to recruit two exceptional bankers to develop new and existing business in the region. The roles are:

European Relationship Manager

- · A graduate, ideally with a minimum of 5 years exposure to Continental European corporate clients. However proven marketing skills are
- Be familiar with a broad range of financial instruments encompassing lending, treasury and capital markets products.

more important then sectoral knowledge.

 Possess the credibility, adaptability and maturity to market and liaise with senior corporate executives throughout Europe.

Associate, Corporate Banking

- A young, credit trained graduate with a minimum
- A track record of support to marketing officers servicing the UK and/or Continental European corporate sector, is highly desirable. · Must be highly numerate, PC literate and

of 2 years banking experience.

capable of independent thought and action. Fluency in French is preferable, although those with another European language may be considered.

 Excellent communication skills are a ·Fluency in French is essential and German would be advantageous. Both posts represent outstanding opportunities to develop your career with a dynamic bank, committed to relationship management in Europe. Remuneration will include a highly competitive basic salary, potential for a performance related bonus coupled with the full range of banking benefits.

Interested candidates should write to Niall Macnaughton at BBM Associates Ltd on 071-248 3653 or write enclosing a full Curriculum Vitae to the address below.

All applications will be treated in the strictest confidence.



Tel: 071-248 3653 Fax: 071-248 2814

Fax No. 071-256 8501

CJA

FUND MANAGER

INVESTMENT MANAGEMENT ARM OF LEADING EUROPEAN BANK Managing Director, CJA.

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76, Watling Street

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Looking for a Career Change? FOR FURTHER BETAILS PLEASE

Proje Warrey on

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873 4331 OR BY WAITING TO HIM

KT FRANCIAL TIMES,

BEL ONE SOUTHWAR E. LOREON SET 9HL



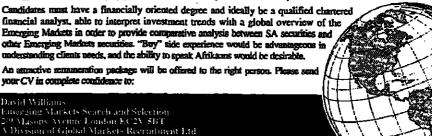
SOUTH AFRICAN INVESTMENT STRATEGIST

Our Client wishes to appoint a well qualified investment analyst / strategist with a minimum 5 years experience of the SA Market. The appointee will be responsible for the production of a quarterly review of the SA equity market for actional investors, a biweekly bulletin of opdates and recommendations, and must understand investment

strategy, the modelling of equity portfolios and be able to present these concepts to the Bank's clients. Candidates must have a financially oriented degree and ideally be a qualified chartered financial analyst, able to interpret investment trends with a global overview of the Emerging Markets in order to provide comparative analysis between SA securities and other Emerging Markets securities. "Buy" side experience would be adv understanding clients needs, and the ability to speak Afrikaans would be desirable.

nerging Markets Search and Selection 20 Masons Avenue London EC2V 5BT A Division of Global Markets Riccrattment Ltd Tel 071 600 4744 - Fax 071 600 4717

your CV in complete confidence to:



QUANTITATIVE RESEARCHER Global Proprietary Trading Company

Central London

The Company

 Created by a team of experienced Investment Managers with premier reputation and supported by a worldwide network of institutions

- · Seeks to maximise expected total return on a riskadjusted basis, by combining sophisticated mathematical modelling with efficient execution; over \$1 billion of capital currently committed to long-term, leveraged
- Employs complex convergence and relative-value trading strategies, primarily in fixed-income securities of various currencies and associated derivatives; also hedged positions in equities, debt-equity hybrids, and equity warrants and
- Offers state-of-the-art financial technology at the cutting edge in the latest research techniques - together with a unique integration of the research and trading functions to optimise the benefits from that technology

from £50,000 + incentives

The Person

- Strong quantitative skills with advanced academic degree in mathematics, engineering or the sciences, especially statistics, optimization, numerical methods or econometrics
- Good programming skills (Fortran or C)
- Preferably familiar with financial modelling, including quantitative hedging concepts (delta, gamma, vega) and
- Ideally aged 25-30 with financial market experience

The Prospects

- Exceptional earnings potential with open-ended team and individual performance bonuses
- Opportunity to develop models and to help implement them in the hi-tech and innovating environment of a major new institution in the international market.

Please write with full CV, including salary history and daytime telephone number quoting reference 3049/FT, to John Sleigh, Phillips & Carpenter, 2-5 Old Bond Street, London W1X 3TB. Tel: 071-493-0156 (24 hours).

Phillips & Carpenter .

Selection Consultants

DISTRESSED INVESTING OPPORTUNITIES

Cargill is one of the world's largest privately held companies, specialising in commodity trading, food ingredient processing and financial markets, with a worldwide annual turnover in excess of \$50 billion. The European Investment Group (EIG), part of the Financial Markets Division, invests in distressed and non-performing debt of companies and real estate. This group is already very successful in the US and has recently set up in the UK to seek out opportunities throughout Europe. This creates opportunities for two people to join this small team.

Originator

Responsible for sourcing debt/product through financial institutions or brokers throughout Europe.

This calls for an individual with a bank syndicate or debt broking/trading background who has the ability to develop an extensive network of European financial institutions and intermediaries for the purpose of originating potential investments. Excellent communication and analytical skills are essential, and trading experience a plus.

Analyst/Investor

To analyse and recommend investments of underperforming assets. This position entails: investigating opportunities, information gathering, cash flow projections and evaluating debt/assets. The successful applicant will be familiar with macro-economics and industry analysis, corporate finance with particular ability to evaluate strategic and business plans. Proven financial analysis and excellent PC (spreadsheet) skills is a must, but experience with Insolvency and the Bond and Equity markets is desired.

Both positions will be based in Cobham and involve some travel throughout the UK and Europe.



Please write with full cv to: Lorraine Wrafter Cargill Plc Knowle Hill Park Fairmile Lane Cobham Surrey KT11 2PD

Our client is a London based multinational group which trades in metals and chemical products. With 500 staff, working in nine countries, they apply an in-depth knowledge of the Trade Finance market to provide their clients with an exceptional service from sourcing and shipping, to sales and finance. The Group's Finance Department is looking to employ high calibre individuals who can demonstrate an approach to business which is proactive, resourceful and innovative. Candidates must be capable of improving the operational effectiveness of the department and supporting the Group in consolidating its position in emerging markets.

Finance Director c£70,000

The successful candidate will have:

This is a newly created position reporting to a Board Director and taking strategic responsibility for the entire finance function. You will need the drive and initiative to align the function to support and address the varied and intricate business needs of this company

- An ACA qualification and up to 20 years experience of accounting, within both a corporate and trading environment.
- Extensive trade finance experience including securing loans and credit facilities from banks for foreign transaction deals.
- A strong track record in developing and maintaining banking relationships.
- Excellent leadership skills with the ability to motivate staff.
- In-depth knowledge of financial management and cash management This challenging role includes giving direction to and controlling the accounti and treasury departments of the company. You will be responsible for proposing and implementing systems to improve management reporting to the Board. Creativity, professionalism and the ability to get things done are prerequisites.

The finance function is central to the evolution of the Company.

These positions offer long term career prospects where you can make an impact on a culture which aspires to be the best.

Financial Controller c£45,000

Reporting directly to the Finance Director, you will recognise that this is more than just a functional role and requires a motivated individual with exceptional management skills. You must have experience of complicated transactions and be able to motivate your staff, as procurement from emerging markets expands and transactions, such as various types of counter trade, become more predomin

- You must satisfy the following criteria: An ACA, 15-20 years experience of accounts within a trading house.
- Experienced in various types of counter trade and multi-currency transactions.
- Able to make method recommendations for improvements and implement them. Proven experience in all aspects of financial management and cash management.
- Computer literate.
- Five years effective team management and the ability to communicate confidently

You will be responsible for the daily operation of the accounts department and for group

BADENOCH & CLARK

recruitment specialists

Management Accountant c£32,000

As a key member of a team of five, you will have the potential to stand in for the Financial Controller and guide other accounts staff. You will be responsible for the preparation of quarterly management accounts for the Group and will contribute to the development and implementation of new systems.

- An accounting qualification with 5 years experience and exposure to accounting within a trading environment.
- Strong computer skills.
- In-depth experience of both financial and management accounting and
- A track record of successfully supervising a team.

In this fast moving environment, you must be accurate and flexible, able to meet deadlines and capable of making a significant contribution to the development of

Contact Caroline Foley-Comer or Carole Edmunds on 071-583 0073 (Day) 081-455 7064 (Evenings) or send your CV in complete confidence to: 16/18 New Bridge Street, London EC4V 6AU. Fax: 071-353 3908.

PEGASYSTEMS is looking for high-calibre

Business Process Consultants

re-engineer and automate customer service operations

Up to £45K plus Bonus and Benefits - Based Thames Valley

Pegasystems is the leading provider of automated customer service solutions for the financial services community. Our focused approach has enabled us to build a reputation as a visionary market leader that delivers quantifiable business process improvements to our clients. Using expert systems technology,our software solutions intuitively support our clients' business and provide a personalised architecture that addresses each institution's unique needs. To help build our growing business within the UK and Europe, we seek BPR Consultants who will use their business and technical skills to analyse our clients' workflow requirements and then design and implement our advanced soft-

Pegasystems' BPR Consultants must possess the following:

- · Two to five years' financial operations experience, in either banking, credit cards, mutual funds, or securities Solid experience implementing software solutions, ing pre-sales consulting, project management, and high-level post-sales support
- The range of interpersonal, leadership, and communication skills that are needed to manage and coordinate the activities of client teams usually comprised of experienced project managers, business experts, and software engineers.

PROJECT FINANCE

TO £45,000

For us, "Business Process Re-engineering" is not a recent fashion. It is what we have been doing successfully for over a decade. Our success is reflected in a client base that comprises the most presti-

If you believe that you have the talent and experience to help us and our clients, please send your CV to: Peter Watson, General Manager, Pegasystems, Ltd., The Atrium Court, Apex Plaza, Reading, Berkshire RG1 1AX, or phone 0734-591150.



In order to further capitalise upon their established

presence in the UK corporate market, our client, a

highly respected and substantial European Bank,

seeks to appoint an experienced corporate banker to

take responsibility for an existing portfolio of blue chip

clients. The successful candidate is likely to be in

his/her late 20's to mid 30's and to have gained at

least 3/4 years experience in handling major UK

corporate accounts, across a wide industry spectrum

which will have included the utilities sector. A sound

understanding of capital market products and a credit

background are also essential for this role.

SENIOR CORPORATE BANKER £40-£60,000

As a result of its ongoing commitment to international project finance, our client, a leading European Banking Institution, seeks to further strengthen its highly regarded project finance team. The successful candidate will be a graduate with a minimum of 2 years relevant experience, gained within either a commercial or merchant banking environment. Responsibilities will include identifying, negotiating and completing big ticket transactions. Particular knowledge of the utilities, cable/communications and infrastructure sectors would be advantageous.

Please contact Sean Carr or Richard Lyons Carr Lyons Search and Selection Ltd. Astral House, 125-129 Middlesex Street London El 7JF Tel: 071-623 9493 | Fax: 071-626 1263

Williams Wingfield

Luccutive

Carr-Lyons Search & Selection Limited trading as Williams Wingfield Executive

INVESTMENT STRATEGY

The opportunity for an Economist to take key responsibility in the development of asset allocation strategy within a leading investment management house.

The company is an established fund management house with an excellent long-term investment record founded on its expertise in UK equity stock selection. With the rise in the proportion of funds under management Invested in international equities and bonds, the company is building a small strategy team with the aim of providing an objective basis for global, investment strategy. This appointment is to head up that team.

The appointee will be a member of the executive investment committee which determines global strategy. Your principal function will be to provide the company's global economic outlook as a result of monitoring and analysis conducted by you and the members of your team of economic and monetary data and activity. You will participate in asset allocation decisions which apportion weightings between all asset classes; you will work alongside the fund managers investing in bonds

and currencies, and have a close involvement on a strategic level with the equities teams.

To be a candidate, you must be an economics graduate with at least 5 years professional experience. You must have experience of forecasting the effects of international economic and monetary activity on securities markets. Ideally, this will have been obtained within fund management and covering both equities and bonds, but we will also consider candidates from a closely related business. We offer a competitive and attractive compensation package, and above all, the opportunity to gain increasing responsibility for global strategy within a respected house. To apply in strict confidence, please write to: John Sears, Managing Director, John Sears and Associates, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SWIH 9BP. Fax: 071-222 3445 or telephone: 071-222 7733.

John Sears and Associates

Executive Search & Selection in Investment Management

MA MEMBER OF THE SMCL GROUP

JAPANESE EQUITIES

An opportunity for a young fund manager to head up the Japanese desk in a successful pensions investment management company.

The company has grown to become one of the largest fund managers in its market. Its growth has been founded on consistent, above median investment performance, in turn achieved as a result of the company's rigorous and objective approach to selection of markets and stocks.

Funds under management in Japan currently exceed £170 million. The company's overseas equities team has recently been reorganised which has given rise to this appointment. You will have responsibility for sector and stock selection and will also contribute to determining asset allocation strategy in international equities markets.

To be a candidate you should have at least 5 years professional experience in investment management, and you must currently be managing Japanese equity portfolios. We are looking to appoint a candidate who has achieved above average investment returns and whose approach to stock selection is based on thorough analysis.

The company offers a fully competitive salary and benefits package, including company car and substantial bonus opportunity. To apply, please write with full CV to: John Sears and Associates, 2 Queen Anne's Gate Buildings, Dartmouth Street,

John Sears and Associates

Executive Search & Selection in Investment Management

MA MEMBER OF THE SMCL GROUP ...

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PARIBAS CAPITAL MARKETS

Credit Risk Management

Banque Paribas is a leading international banking group operating in over fifty countries worldwide, with particular expertise in four core activities: capital markets, corporate banking, advisory services and asset management.

Paribas Capital Markets is a significant part of the bank's global operation, and as a genuinely international business, draws on the expertise of over 1500 staff in London, Paris, New York, Tokyo, Frankfurt, Geneva and Singapore. It provides a comprehensive range of products and services in the bond and equity markets, currency and interest rate swaps and options, fixed income and equity derivative products and specialised financial instruments.

The Capital Markets Credit Department is responsible for conducting the entire credit and risk management process for all capital market transactions, with teams in London, Paris, New York, Tokyo and Singapore. As a result of continued growth the Capital Markets Credit Department is looking to strengthen its teams in both London and Paris.

Paris

Based in Banque Paribas' Head Office, you will be responsible for establishing relationships with the senior management involved in credit decisions, determining trading limits and supporting credit applications through the credit committee. In addition, you will undertake analysis on a financial, country and products basis. The successful candidate, likely to be aged 28-36, will have a minimum of four years credit experience and display a sound knowledge of capital market products. Candidates should have the gravitas and maturity, combined with excellent communication skills, to command credibility at senior level. Fluency in French is essential.

London

Working in a small team, you will be responsible for analysing UK and Scandinavian companies to establish trading limits for all types of counterparties. You should have a minimum of two years credit analysis experience gained within a leading financial institution, strong communication skills and a reasonable understanding of

Candidates for both positions must be professional, confident, articulate and able to deal effectively with a range of complex financial products. The salary packages will reflect the importance attached to these positions and will be commensurate with experience.

For information on either of these positions please contact our retained consultant Tim Smith on 071 831 2000 or write to him with full career details at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH-Fax 071 405 9649. All enquiries will be handled in the strictest confidence. Please quote reference 176912.

Michael Page City

DERIVATIVES ASSOCIATE / TRADER

£neg plus Banking Benefits

Global derivatives arbitrage team seeks an MBA graduate or strong undergraduate to start as an associate/trader for the London Desk. The candidate needs to be motivated, analytical, highly assertive, and in possession of strong interpersonal skills. Training or experience in derivatives is a plus.

> If you think you have all the necessary qualities to succeed, please send your curriculum vitae to:

Nicky Garrod, Recruitment Manager Canadian Imperial Bank of Commerce The Cottons Centre, Cottons Lane, London, SE1 2QL

INTERNATIONAL CAPITAL MARKETS SENIOR FIXED INCOME ANALYST

COMMERZBANK AG, London Branch

Commerzbank AG, one of the three major banks in Germany and an active participant in global financial markets is developing further its capabilities in the International Capital Markets. Specific emphasis is being given to the role of London Branch, which will be the Group's European trading centre for most non-Deutschemark fixed income products. As part of this planned and co-ordinated growth an opportunity has been created for a Fixed Income Analyst to work in London.

The ideal candidate is likely to possess an Economics Degree with a good understanding of fixed income related mathematics and have several years experience working in an analysis-orientated area of a large investment bank or securities house. Particular emphasis will be given to applying theory to practical aspects of the market, geared towards servicing major institutional customers and generating business flows.

The remuneration package will consist of a competitive salary plus the usual benefits associated with a large bank and a performance related bonus. Fluency in German will be an advantage, not a

Individuals who consider themselves to have appropriate qualifications and who would like the opportunity to discuss the matter further should write to our Personnel Manager, Miss Vanessa Lewiston, Commerzbank House, PO Box 286, 23 Austin Friars, LONDON EC2P 2JD enclosing a copy of their CV. All applicants can be assured of complete confidentiality.

COMMERZBANK

German knowhow in global finance



UK Capital Markets Origination

London

Our client is a leading US investment bank, with a high profile in Derivatives, Treasury and Capital Markets. They are currently seeking an outstanding senior marketing professional to enhance their presence at a strategic level within the UK Corporate

The position will involve originating business from UK corporates across a broad range of capital market products including private placements, eurobonds, asset securitisation, tax efficient structures and restructurings. The successful candidate will be technically and analytically strong and be capable of contributing to the creation of new products across assets and liabilities with a focus on developing highly structured transactions.

Ideal candidates, probably in their mid 30s, will have the following attributes:

£ Excellent

- At least six years experience of marketing to UK corporates;
- A proven track record of new business development:
- Instinctive understanding of derivatives, treasury and capital market products;
- Outstanding interpersonal and presentation skills; Strong academic qualifications.

This is an important and high profile role. The successful candidate will be rewarded with an excellent remuneration package.

Interested candidates should in the first instance write to Karina Pietsch, enclosing a full curriculum virae, at Michael Page City, Page House,

39-41 Parker Street, London WC2B 5LH. Please quote reference 188363.

Michael Page City

Risk and Relationship Management

changing business environment.

Our client is a major US Bank providing a full and innovative range of services to its clients throughout the world. It is now looking to add to its team of risk managers providing risk assessment covering Europe's financial institutions and related transaction services. They now seek to recruit a number of professionals to focus on

several different areas. Candidates must be proactive team players, able to reach and defend decisions while balancing risk constraints with revenue potential. These are excellent opportunities to work for a highly prestigious Bank in a fast moving and ever

Investment Management

Focussing on the investment management sector, this role involves a high level of relationship management and client contact in addition to risk analysis. The Bank offers a range of credit products to its clients, including FX, futures, options, derivatives, custody services and securities lending. The appointment entails analysing the risks associated with counterparties and structuring and negotiating credit proposals. You will also be responsible for developing new business relationships based on understanding customer requirements and translating these to product specialists. A graduate with at least 5 years experience of developing and maintaining relationships, ideally with financial institutions, should have excellent presentation and communication skills and the ambition and motivation to succeed in this growth area.

For information on these appointments, please contact our retained consultant Tim Smith, or write to him with full career details. Please quote ref. 155682. All enquiries will be handled in the strictest confidence.

Insurance

Covering designated sectors of the insurance industry, you will conduct financial analysis and structure, recommend and manage credit facilities through review of companies from both an individual and sectoral perspective. You will identify and assess risks as they arise within a substantial portfolio, liaising with clients to gather information as required. A graduate, you should have formal training from a high calibre bank and at least 5 years credit experience with a proven analytical track record. Previous knowledge of the insurance sector would be useful but is not a prerequisite. The insurance industry represents a key franchise for the Bank, which has a large market share in each of the broking, reinsurance, direct property/casualty and



International Recruitment Consultants

London Paris Amsterdam Dusseldorf Sydney

Securities and Trade Services

The Bank has developed a strong business in the provision of securities and trade related services to financial and other major institutions. Two positions now exist to focus on each of these areas. Key responsibilities include: establishing the risk criteria specific to each product; analysing and quantifying these risks; developing and enhancing methods to monitor product risk; conducting training sessions with various areas in the Bank to increase awareness of specific risks related to securities and trade products. Candidates need knowledge of relevant products such as trade services and structured trade finance, global custody and other securities products, with the capability to conduct wide ranging risk assessment, and the ability to work effectively in a team forming strong relationships internally. Individuals with analytical, systems, operations or asset structuring backgrounds would be of interest.

Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Telephone 071 831 2000. Fax 071 405 9649.

Economic Development and Property Department Northern Gateway Project

Manager

TRANSPORTED TO THE PROPERTY OF THE PROPERTY OF

£19,950 - £21,783

Two Year Fixed Term Contract The City Council is looking to appoint a Northern Gateway Project Manager as part of its major initiative to develop Hull as a major European port, business, and investment location. You will develop, implement and manage the Council's Northern Gateway campaign, playing a leading role in realising one of the most exciting opportunities for building the future prosperity of the City of Hull.

Other main duties are: Developing the commercial and public policy credibility and

effectiveness of the campaign, built on trade, logistics, investment, and Hull's role and location in the new Europe. Focusing the Council's efforts to achieve the benefits of the Northern Gateway concept. Building effective coalitions and partnerships to boost trade and

jobs in Hull and to tackle key trade and development issues in the British Isles and the rest of Europe. You must have: A good understanding of commercial realities in the private

sector and public policy making and implementation at a senior Well developed and effective abilities in project development and management, goal oriented network building, team working, negotiation and deal-making, and getting other people

Enthusiasm, commitment, initiative, focus, stamina and good oral and written communication skills. A full driving licence and a reliable vehicle for business use

Competence in at least one other European Union language



Application forms and further details are available from the Chief Personnel and Management Services Officer, Municipal Offices, Trippet Street, George Street, Hull, HUZ BAA, telephone (0482) 595267 (24 hour answering

THURSDAY 2ND JUNE, 1994. An Equal Opportunity Employer

Outstanding appointments in Marketing Support

Global Bond products in a truly global environment London and Paris

to £50,000 + bonus

Our client, the Institutional Asset Management arm of an internationally respected and highly profitable Investment Bank, continues to

First class front line sales and marketing teams require equally strong professional support and these two key roles are pivotal to further expansion in both London and Paris; our stringent selection criteria will reflect the importance of the positions. surrace expansion in poin control and rains, our struggest screeced criteria will relief the importance of the positions.

Successful candidates will enjoy (and we use the word advisedly) a broad variety of work including new product development and product launches as well as the normal range of marketing disciplines. It follows that candidates (probably in their late twenties/early thirties) will have gained a rigorous knowledge of the Bood markets within either a fixed income portfolio management area, research or trading environment over a four or five year period. Working with which effects, an ability to relate to differing cultures is of paramount importance. In the case of the Paris-based position, written French language skills are a prerequisite.

Other personal traits required include first class presentational skills, energy, determination, and the ability to take advantage of stantial autonomy.

Career advancement opportunities are exceptional and the salary package has been designed to attract the best. Please send full career details, quoting Ref. A 2040, clearly indicating your preferred location to Malcohn Lawson, at Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF.

Telephone 071-287 7007 during the working day or 0323 485580 in the evenings.

APPOINTMENTS **ADVERTISING**

appears in the UK edition every

Wednesday & Thursday

and in the International edition every Friday. For information on advertising in this section please call Gareth Jones on

071 873 3779 Andrew Skarzynski on 071 873 4054

CORPORATE TREASURY/STRATEGIC PLANNING c£50K + Excellent Package

Our client is a highly prestigious US investment house with current needs for a person to join their corporate treasury, to be responsible for various strategic financial planning functions. You will providesolid analytical support to the Finance Committee liaising with both senior management and business units. Capital adequacy planning for the Firm's European subsidiaries will require monitoring of regulatory capital developments in several jurisdictions thus requiring travel.

You will be in your late 20's/30's and will have intelligence, exceptional analytical, conceptual and presentational skills. Ideally, you will have worked in either a corporate treasury, or a financial planning consulting position or with a major financial institution. In addition, you will demonstratededication and be very keen to advance to higher levels of management responsibility. The candidate with fluency in more than one European language will be given preference.

For further information, please contact Michele MacPherson on 071-623 1266

Jonathan Wren & Co. Limited, Financial Recruitment Consultants No. 1 New Street, London EC2M 4TP Tel. 071-623 1266 Fax. 071-626 5259

JONATHAN WREN EXECUTIVE

KB FINANCIAL SERVICES (IRELAND)

Shipping Finance Senior Executive

KB Financial Services (Ireland) (KBFSI) is the international asset and structured finance arm of Kredierbank N. V. and is based in the International Financial Services Centre in Dublin.

It is expanding and upgrading its involvement in world-wide shipping finance and is seeking to recruit an experienced and successful banker in this sector to assist in this regard.

The position will involve responsibility for the development of KBFSI's business in this sector and for marketing, sourcing and completing appropriate transactions.

The person appointed to the position is likely to have had significant experience in the banking industry including a minimum of 5 years in shipping finance and to hold a professional qualification / university degree.

Age level is likely to be in the mid to late 30's and the

position is based in Dublin.

The remuneration package will reflect the importance of the position and will be attractive.

Please write in strict confidence enclosing details to:

Mr. L. Donlon

Executive Director

KB Financial Services (Ireland)

91 Merrion Square

Dublin 2

MERRILL LYNCH

ASSET MANAGEMENT

FIXED INCOME PRODUCT MANAGER

MLAM, the investment management division of

Merrill Lynch & Co, with over \$125 billion of

global fixed income assets, is seeking a London

based fixed income product manager to expand our

European and Middle Eastern institutional business.

As the position will interface closely with portfolio

managers and marketing specialists, we are seeking

a candidate with a solid background in fixed income

portfolio management as well as possessing

excellent communication and teamwork skills.



A WORLD OF OPPORTUNITIES AT NIKKO EUROPE

Nikko Europe Plc is the European headquarters of Nikko Securities, one of the world's leading securities firms and investment banks. Established in London in 1964, Nikko Europe provides brokerage and investment banking services in equities, bonds and derivatives, serving institutional clients throughout Europe, Africa and the Middle East.

Nikko Europe is at the forefront of the Group's global strategy to enhance its reputation and range of services in the international financial markets.

Capital Markets – Originations

As a result of an internal promotion a marketing officer is now required for capital markets originations in Germany and Austria. In addition there are opportunities for an experienced marketing officer within our frequent borrower group, and for a privatisation specialist within our equity origination team.

Corporate Finance (Mergers and Acquisitions)

Applications are invited from people with 3-4 years corporate finance experience including a strong M+A component, to join our busy and successful group. Marketing and transaction skills are essential. A professional qualification in law or accountancy would be an advantage.

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ACCOUNTANCY COLUMN

Industry's cost-cutting pains US firms

Richard Waters reports on KPMG's attempts to cope with the malaise which still exists in the sector



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I f accounting firms in the developed world have had a tough time of it so far in the 1990s, then those in the US have suffered more than most. And if you were to pick a firm that exemplifies the pain of the past

four years or so, you could hardly do better than KPMG Peat Marwick. In 1993, Peat reported revenues in the US of roughly \$1.8bn, the same as it has in each of the past four years (the firm's fiscal year runs to the end

In real terms, income has been fall-ing at a time when costs have been rising steadily. To sustain partners' earnings, the firm has slashed partner numbers during the period by around 20 per cent, to just under 1,500. (It started culling partners soon after the 1987 merger between Peat Marwick and Main Hurdman.)

Peat is not alone, of course. Of the US firms, only Arthur Andersen and, to a lesser degree, Price Waterhouse, have managed to keep a degree of top-line growth. The products of the late-1980s mega-mergers have suffered more than most; Ernst & Young and Deloitte & Touche have also been forced to cut back partner numbers, though not to the same degree as

US accountants blamed the malaise for a long time on their country's early 1990s recession. Such claims have sounded increasingly hollow: the US economy came out of recession more than two years ago, at first fitfully and more recently with undeniable vigour. But the fortunes of the accounting firms have not responded as fast. Their fees have become just

unnecessary cost, has put under the microscope.

The experience has been a sobering one. Accounting firms spent much of the 1980s talking about becoming more useful to their customers, and less reliant on compliance products like doing audits and filling in tax returns. They are still talking about it but there is little indication that this approach has reinjected any growth into the accounting business.

The man with the unenviable job of

reinventing Peat in the US is Jon Madonna. Elected chairman in 1990, he has already presided over a painful downsizing. He could now be set to lead the firm into the next century. His 51st birthday is today, leaving him plenty of time to serve a second six-year term as chairman (should he be re-elected) before reaching Peat's

retirement age of 60.
According to Madonna, the turning point has come: "What we went through in the last few years was a downsizing. Now, it's a growth strat-

egy."

If he is right – a big "if" – the rest of the 1990s will be a more pleasant time for the accounting firms than the first part of the decade. The starting point is a difficult one.

"We've got productivity issues, we've got growth issues, we've got profitability issues. We're no different from any other industry here," says

The US firms are reeling from the effects of cost-cutting already under-taken, and have yet to rebuild morale.

Technology has revolutionised the way companies and the investment

community collect and analyse financial information. Accountants have long realised this, and have struggled to reinvent their role as an intermediary in the information chain: rather than collectors and collaters of financial information, they have tried to

become interpreters and strategisers.
Yet the cost structures of the big US firms suggest that they have not made the sort of productivity gains that might be expected from this information revolution.

Since the middle 1980s, the ratio of partners to professional staff - one of the best indicators of productivity in any professional part-nership – has hardly budged at sev-eral of the biggest firms, at around eight professionals to each partner. Nor has the ratio of non-professional (largely administrative) staff fallen. Cutting people has at least lifted the average revenues per partner, though.

"We're not as good as we should be [at measuring productivity]," admits Madonna. Productivity may be one of the biggest issues facing the profession, yet it continues to be overshad-owed by an obsession with growth Reinvigorating the top line is the first objective of all firms.

Peat's response has been to take a strategy common among all accounting firms in recent years one step further. "Industry specialisation" has been the mantra of the profession for at least a decade. Peat has now ele-

one more of the items that US industry, bent on squeezing out every

The cost-cutting is unlikely to be at vated it to become a raison d'être.

By last summer, the firm had, in the US, scrapped its traditional functional groups - audit, tax, consulting, and so on - and reorganised itself along industry lines.

Madonna says: "We're measuring ourselves by market - we will be able to tell you how much we gener-ate in financial services, for instance.

That approach enables the firm to reward its staff according to how well their particular industry group does. Audit staff, the theory runs, will be more inclined to think creatively about other services that could help a customer if their own pay is more closely tied to the outcome.

Does fiddling with organisational structure in this way get to the root problems of the accounting firms? It is hard to argue against the approach: if the accounting firms find growth in the future, it must come from selling new services to their customers. Organising around customers, rather than around their own functional

divisions, is a logical step. Yet on its own, industry specialisation is not the answer. It did not prevent the problems of the early 1990s, and is unlikely to be a panacea in the

"On the face of it, it seems a good idea. But the world doesn't compartmentalise that way, it's too dynamic." says Bruce Marcus, a consultant on marketing for professional firms. More seriously, he adds, accounting firms have still not adapted to the competitive era ushered in as long ago as 1977, when the ban on advertising in the US was first lifted. There are other, more serious management problems that hang over the accounting firms, notably the partnership structure itself. Having taken the first steps in the early 1980s to setting up quasi-corporate governance arrangements, accounting firms have failed to carry the process to its logi-

cal conclusion.

Madonna makes the most of the partnership system, even going so far as to suggest that the corporate world has moved closer to the partnership structure, rather than the other way

"A lot of corporate America is try-ing to manage itself as a partnership," he says. He suggests it is "very much in line with the stock option frenzy" which has seen companies increasingly offering senior employees an equity interest

In reality, though, there is still a huge gulf between the consensual style of a partnership and the standard corporate management struc-ture. Tackling this issue remains one of the basic challenges that account-ing firms have shied away from.

If there is a model for the accountants to follow, perhaps it is the US investment banks. Small partnerships until the 1960s in most cases, they managed the transition to big, public corporations with spectacular suc-

The most profitable of them all, Goldman Sachs, remains a partnership. But in its strong leadership and management structure, it has far more in common with a public company than an accounting firm.

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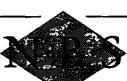
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sector and be familiar with the requirements carpet manufacturing plc. With significant of a plc including the production of statutory accounts and dealings with the Stock Exchange and institutional investors.

Commercial awareness, an enthusiastic and proactive approach, excellent communication Reporting to the Group Managing Director skills and a willingness to contribute to the general management of the business will be

Please write with full career and salary details - in confidence - to David Mather. Ref: 34D38, MSL International Limited. A Chartered Accountant, you should have Sovereign House, 12-18 Queen Street,

> **MSL** International CONSULTANTS IN SEARCH AND SELECTION

> > 2 / S

EXPERIENCED RECRUITMENT CONSULTANTS

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If you need a fresh challenge, this exciting and innovative company can provide it. In return for your commitment and skills, we offer our consultants high earnings potential and access to a long-term career in an acknowledged leader in recruitment.

To talk informally about these openings, call Fiona Birt-Llewellin, Director on 071-629 4463 (evenings 081-542 2159) or write to her at the address below. All enquiries will be treated in the strictest confidence.

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FINANCIAL & LEGAL RECRUITMENT CONSULTANTS Cardinal House, 39-40 Albemarle Street, London W1X 3FD, Tel: 071-629 4463 LONDON - READING - GUILDFORD - ST ALBANS - SRISTOL - BIRMINGHAM

Financial Controller

South Wales This appointment is key to the company's or development in that it will embrace:

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 advising on financial strategy
 regulation and linkson with banks and creditor regarders and appearations. We anticipate that audidate will have a high degree of personal toward regarders and interpretation of data and will

You will be a qualified accountant in your early 30's with a proven track record of achievement in a commorcial environment, preferably manufacturing, who is looking for a challenge.

Grant Thornton MANAGEMENT CONSULTANTS

The UK momber firm of Grant Thornton Inc

GERMANY

Director of Finance demonstrate strong technical and interpersonal skills in a highly visible

The Company German subsidiary of £300m UK PLC operating in distribution sector, with significant growth planned over the next 5 years. The Role Reports to local managing director and UK finance department and is responsible for all finance and administration functions, liaison with professional advisers, treasury duties and other

You will be a qualified ACA with a minimum of 5 years post qua experience gained in a dynamic commercial business, highly compute terate, and skilled in formulating new ideas with an ability to plan and manage a growing business. Fluent German is essential, and previous experience gained in Germany would be an advantage, although not a alification. The remuneration package is flexible and generous, and will be based on previous experience, but includes a fully expensed prestige company car and usual expatriate benefits, including relocation to an

Itractive part of West German To apply, please send a full CV, including current remuneration package to the Personnel Manager, Box A2024, Financial Times, One Southwark Bridge,

REGIONAL **FINANCE** DIRECTOR

£32,000 - £ 36,000 + car, bonus, pension and private health insurance

Bristol



As one of the nation's finest homebuilders, we have an enviable eputation for producing high quality homes and providing outstanding levels of customer service.

For a qualified Accountant with exceptional business acumen, this is an exciting opportunity to join the Board of our Southern Region. Reporting to the Regional Managing Director, your prime role will be to coordinate all areas of our business to ensure profitability levels remain on target. This will mean taking a creative approach in formulating and revising realistic plans and budgets for a market which is dynamic and constantly changing. You will also need to ensure that all accounting functions are carried out to meet legal requirements and Group accounting policy and that staff are informed on performance and profitability issues.

As well as a professional accountancy qualification, you should have broad commercial experience, gained from both management and financial accounting, and ideally, experience of the housebuilding industry. You will also need to be a confident and influential or with accomplished man-management skills.

For the right person, the benefits will include a quality car, profit related pay and bonus scheme, pension scheme and private medical

You should write a letter of application and enclose a curriculum vitae outlining your skills and experience, and send it to: Christine Young, Personnel Secretary, Westbury Homes (Holdings) Limited, Southern Region, 240 Aztec West, Almondsbury, Bristol BS12 4TA. Closing date: 20th May 1994.

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Reporting to the Chairman, responsible for

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■ Support the Chairman in enhancing City

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financial guidance and control.

negotiations and business reviews.

enhancing the performance and profitability

of subsidiary companies by providing tight

operating management in commercial

relationships. Active contribution to

strategy; evaluating capital expenditure

programmes and acquisition opportunities.

c, £80,000 + bonus

+ benefits

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£35-£40,000 pa Plus Bonus and Car

Manager International Tax

Cambs

 Managing the VAT position of the Group particularly in the single European market. The successful candidate should have:

Our client, a multinational group, is one of the world's leading names in

its sector. Its mission is to be the best and the most profitable in this fast moving and changing service field. It sees the route to this as staff excellence, the effective application of technology and the creation of

The growth of the group and its future plans make it essential that there is a high level awareness of the tax implications in each country of

the tax-specialist to contribute to the bottom-line. Reporting to the Head of Group Taxation, the key responsibilities of the role will include:

Management of a programme to increase international awareness of

operation. This new role is therefore an excellent career opportuni

long-term relationships with business partners.

- An Accounting Qualification (ACA/ACCA) with a minimum of 5 years

- Control of and proactive planning for international tax.

Ongoing review of the group's tax structure and operation.

Corporation Tax experience. - A thorough knowledge of international taxation and VAT.

- An up to date knowledge of relevant legislation with the ability to

interpret and apply this to the business. - Excellent interpersonal and communication skills with a high level

of self-motivation and a strong commercial awarene - Proven negotiation skills.

You will be leading a small team, hence people management skills are

A full relocation package will be available if required. If you have a keen interest in this ever progressing environment you should write to Karen Wilson, Hoggett Bowers, George V Place, 4 Thames Avenue, Windsor, SL4 1QP enclosing a recent CV and a note of current salary quoting Ref. WKW/4080/FT.

Hoggett Bowers

EXECUTIVE SEARCH AND SELECTION

c. £60,000 + bonus + banking benefits

Financial Services

London

Head of Projects, Treasury Operations

This innovative and rapidly growing Treasury Services subsidiary of a leading UK financial institution seeks to appoint an outstanding project director with a background in treasury operations, finance or systems. Responsible for a programme of multi-disciplinary, cross-functional projects designed to meet the rapidly developing needs of the business. Unique opportunity for a talented change manager to make a major impact on a dynamic, high profile company.

THE ROLE

 Reporting to the Director of Operations, responsible for devising, directing and controlling major development projects with a significant IT component, maximising benefits whilst minimising risk and disruption to

 Establishing clear lines of communication between all functions within the company, as well as with other key areas in the Group, to support the process of change.

■ Setting standards and methodologies for controlling development projects. Providing internal project management consultancy to all business areas in the

THE QUALIFICATIONS

 Educated to degree level or equivalent with a successful track record as a project manager, line manager or management consultant specialising in the development of complex, business-critical treasury processes and systems that cross functional boundaries.

Strong interpersonal and communications skills, able to control through influence and win support for new developments. Strong negotiator who can resolve conflicting demands for resources and manage external

Mature self-starter with the stature to win respect from all levels in the company. Pragmatic problem-solver and facilitator, willing to take responsibility and instil

Leeds 0532 307774 London 071 493 1238

Selector Europe Spencer Stuart

Please reply with full details to: Selector Europe, Ref. F2111054M, Adlington Court, Greencourts Busi Styal Road, Manchester M22 BLG

Our client is a London based multinational group which trades in metals and chemical products. With 500 staff, working in nine countries, they apply an in-depth knowledge of the Trade Finance market to provide their clients with an exceptional service from sourcing and shipping, to sales and finance. The Group's Finance Department is looking

to employ high calibre individuals who can demonstrate an approach to business which is proactive, resourceful and innovative. Candidates must be capable of improving the operational effectiveness of the department and supporting the Group in consolidating its position in emerging markets. Finance Director

Electronic Systems and Services

Finance Director

Rapidly expanding and successful c. £50m plc with dominant positions in its market

sectors seeks a mature, commercial finance professional to provide real authority and

direction. Key member of a small executive team focused on achieving significant

profitable growth.

Selector Europe

Spencer Stuart

THE QUALIFICATIONS

opportunistic culture.

■ Qualified accountant, 40+, with broad

■ Strong financial management, costing and

■ Energetic, open style with excellent

international exposure an advantage.

senior level experience in a decentralized

manufacturing Group. High-technology and

analysis skills gained in a growing,

interpersonal and communication skills.

Used to acting as a business advisor and

c£70,000 This is a newly created position reporting to a Board Director and taking strategic responsibility for the entire finance function. You will need the drive and initiative to align the function to support and address the varied and intricate business

needs of this company. The successful candidate will have:

 An ACA qualification and up to 20 years experience of accounting, within both a corporate and trading environment. Extensive trade finance experience including securing loans and credit

facilities from banks for foreign transaction deals. A strong track record in developing and maintaining banking relationships.

 Excellent leadership skills with the ability to motivate staff. • In-depth knowledge of financial management and cash management. This challenging role includes giving direction to and controlling the accounting and treasury departments of the company. You will be responsible for proposing and implementing systems to improve management reporting to the Board. Creativity, professionalism and the ability to get things done are prerequisites.

preparation and presentation of the Group's consolidated financial statements and reporting. The

scope of this position includes supervision of the head office accounting department and direct

responsibility for all aspects of UK and US reporting. Additionally the incumbent will take a leading

the highest degree of drive, ambition and energy. It is likely that the successful candidate will have

had significant commercial exposure and at least five years' post-qualified experience.

This is a senior role having considerable impact on group finance matters and high level liaison points throughout the group's operations. Applicants must be graduates, ACA qualified and possess

The finance function is central to the evolution of the Company

Financial Controller c£45,000

Reporting directly to the Finance Director, you will recognise that this is more than just a functional role and requires a motivated individual with exceptional management skills. You must have experience of complicated transactions and be able to motivate your staff, as procurement from emerging markets expands and transactions, such as various types of counter trade, become more predominant.

You must satisfy the following criteria:

• An ACA, 15-20 years experience of accounts within a trading house. Experienced in various types of counter trade and multi-currency transactions.

Able to make method recommendations for improvements and implement them.

 Proven experience in all aspects of financial management and cash management. Computer literate. Five years effective team management and the ability to communicate confidently

You will be responsible for the daily operation of the accounts department and for group level budgeting. You must be able to demonstrate a proactive approach to the management of the department and work closely with the Finance Director.

BADENOCH & CLARK

recruitment specialists

Management Accountant c£32,000

As a key member of a team of five, you will have the potential to stand in for the Financial Controller and guide other accounts staff. You will be responsible for the preparation of quarterly management accounts for the Group and will contribute to the development and implementation of new system

 An accounting qualification with 5 years experience and exposure to accounting within a trading environment

Strong computer skills.

In-depth experience of both financial and management accounting and

A track record of successfully supervising a team.

In this fast moving environment, you must be accurate and flexible, able to meet deadlines and capable of making a significant contribution to the development of

Contact Caroline Foley-Comer or Carole Edmunds on 071-583 0073 (Day) 081-455 7064 (Evenings) or send your CV in complete confidence to: 16/18 New Bridge Street, London EC4V 6AU. Fax: 071-353 3908.

GROUP FINANCE PROFESSIONALS

CENTRAL LONDON

& EXCELLENT

This substantial quoted UK Plc has recently restructured its Group Finance function. As a result, two outstanding finance professionals are required to undertake redefined and heightened group responsibilities. The positions, outlined below, present first class opportunities for individuals to take significant strides forward in their already successful careers.

GROUP FINANCIAL ACCOUNTANT Reporting to the Group Financial Controller, this role carries overall responsibility for the

GROUP MANAGEMENT ACCOUNTANT c. £35K+BENS

The purpose of this role is to provide quality financial and operational information to management. Reporting to the Group Accounting Manager and with one direct report, the primary responsibility will be to ensure the prompt production of group management accounts. Additionally there will be involvement in all forecasting and budgeting including the continuing development of group systems. Experience of Micro Control will be an advantage.

You will be a qualified accountant with at least three years' post-qualified commercial experience, preferably gained in a group environment and in the management accounting area. There will be considerable scope for input into the improvement of the management information disciplines, and candidates must possess initiative, organisational ability and strong interpersonal skills.

Interested applicants should contact Jon Boyle ACA on 071-379 3333 or send a full Curriculum Vitae to him at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.

ROBERT WALTERS ASSOCIATES

Whitechapel Corporate Services Limited

SENIOR EXECUTIVE -COMPETITIVE PACKÂGE

Whitechapel Corporate Services Limited, an expanding financial services subsidiary of Sedgwick Group plc, are seeking to appoint a Senior Executive to play a leading role in the company's development.

The company has been highly successful in developing a range of financial products and anticipates a period of significant growth. The ideal candidate should be a qualified accountant possessing several years project management/consultancy experience involving laxation, treasury and legal issues.

The role represents a unique opportunity to join a dynamic new business venture with salary and benefits to reflect the position. Please apply in writing, in strictest confidence, enclosing full curriculum vitac

Managing Director
pel Corporate Services Limited
2 Myrtle Street
Douglas
isle of Man
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APPOINTMENTS WANTED

LOOK!

ACMA, 9 years Post Qualificat Director/Controller. Any locations. Fax 081 763 1187 or write to Southwark Bridge, London SE1 9HL

Experience seeks role as Financia

FINANCIAL CONTROLLER London c£35,000 + carThis is an exciting opportunity to ioin the management of an active

and highly profitable Property contribute to a number of ubstantial new projects. The position requires a business odentated Chartered Accountant aged 28-35 with the personality to fit into a small, dedicated and

CHIEF ACCOUNTANT North Kent To £35,000 + car

Our client is a substantial and growing media group which now seeks an ambinous qualified accountant aged 30-40 to take responsibility for a small central team producing consolidated statutory accounts, budgets and forecasts. Candidates will have strong interpersonal and technical skills and the ability to grow with the group. (Ref. DES)

FINANCIAL ANALYST West London £28,000 + car

A household name Pic in FMCC/ Manufacturing has identified the need for an outstanding young Chartered Accountant age 25-28. for a broad role encompassing capital expenditure appraisal acquistoons and disposals. budgeting, planning, management and financial accounting. Prospects are excellent for an individual with a first class academic record and a blue chip client portícilo. (Ref. KJ)

For further information please telephone on 071-831-2323 or send your CV to Hudson Shribman, Vernon House. Sicilian Avenue, London WC1A 2QH. (Faz No. 071-404-5773).

HUDSON SHRIBMAN

RECENTLY QUALIFIED **ACCOUNTANTS**

Opportunities in Treasury and Business Support

Salomon Brothers is one of the world's most powerful and profitable financial institutions and a pre-eminent force in global securities markets. We have a number of opportunities for talented, recently qualified accountants who wish to develop their careers in the financial management teams which work closely with the traders.

Previous financial institutions experience is not necessary; strong quantitative abilities, along with well-developed interpersonal skills, are essential. You will demonstrate bigh levels of academic and professional achievement, the uillingness to work bard and the determination to succeed. For individuals needing to move to London, relocation assistance can be made available.

If you want to progress, as far and as fast as your talents allow, seize the initiative by writing to our advising consultant Janet Bullock, quoting Ref: 280, at BBM Selection, 76 Walling Street, London ECAM 9BJ enclosing a full curriculum vitae, which should include contact telephone numbers. Any applications sent to Salomon Brothers will be forwarded to BBM. All applications will be bandled in the strictest confidence.

Salomon Brothers



£ excellent

 $\pm bonus$

 \pm benefits



FINANCIAL CONTROLLER **DUBLIN**

₽SYNCOR

BIOTRING

BIOTRIN/SYNCOR is a young, dynamic and highly successful company specialising in the development, manufacture and distribution of novel diagnostic products for the international market. THE JOB entails the day to day financial management of the business, production of management information, responsibility for maintaining relations with the company's banks and overseeing all contractual aspects. A key element of the position is the development and implementation of effective financial and commercial strategies.

THE CANDIDATE will be a high calibre university graduate, ACA with a THE CANDIDATE will be a nigo calibre university graduate, ACA with a minimum of 4 years PQE. Experience in all aspects of accounting in the manufacturing and export business and preferably having worked with a foreign subsidiary and on acquisitions. The successful candidate will be a bright quick learner able to understand broad business issues and enjoy operating with total commitment in a relatively informal style. Good leadership, motivational and communication skills and the ability to work closely and productively with the President will be exceeded to niev a temps role. will be part of the management team and will be expected to play a strong role in the growth of the business and in managing the international aspects of the

REMUNERATION will consist of a competitive basic salar, benefits of private health insurance, pension and life insuran Please reply in confidence to:

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Financial Management Opportunities in a Diverse Investment & Trading House

Our client is a long established financial services group providing fund management, money markets, equity and gilt edged market making, derivatives broking and consultancy to a broad range of institutions and corporates. A new management team

has developed a strategy, style and divisional organisation structure that is well placed to deal with the changing needs of clients in a rapidly evolving financial world. As a result of these changes, three new appointments have arisen:

Deputy Group Financial Controller

Key aspects of the role will be monthly management reporting, budgeting, co-ordination of statutory accounts and consolidation, tax computations, liaising with subsidiaries, and ad-hoc project work.

Candidates will be qualified chartered accountants aged 26-30 with a good knowledge of accounting standards, report writing and corporate tax with the ability to work on their own initiative and work to tight deadlines. Ref: J/071.

In the first instance, please contact Jonathan Williams or send full career details, including remuneration to him, quoting the appropriate reference number.

Assistant to Divisional Controller

Working in the core money markets business the appointed person will be responsible for: daily management reporting including trading profitability and capital usage, trade support covering bond trading, off balance sheet and customer dealing and compliance issues.

Candidates will be qualified accountants or graduates with a minimum of 2-3 years relevant experience. They should also have good communication skills and be flexible ream player. Ref: J/072.

Michael Page Finance

Specialists in Financial Recruitment

ol Windsor St Albans Leatherhead Bir

Internal Auditor

Reporting to the Group Internal Auditor the appointed will be responsible for assisting in performing technology, operational, financial and compliance audits to ensure group assets are adequately protected. This will include all aspects of the AS400 computer system.

Candidates should be qualified accountants with relevant financial services audit experience or alternatively may be qualified by experience. Ref: J/073.

Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Telephone 071 831 2000. Fax 071 405 9649.

32 Savile Row, London W1X 1AG Tel: 071 734 3879 Fax: 071 734 2620

Finance Director

W Yorkshire

Our client is a highly autonomous £7 million turnover engineering subsidiary of an acquisitive, rapidly expanding UK Plc and operates through four divisions. Following the promotion of the present incumbent they seek to appoint a Finance Director.

Reporting to the Managing Director, you will assume full responsibility for the financial management of the business. More specifically your duties will encompass management and statutory reporting, the development of computerised information systems and the maintenance of strict financial disciplines and controls within the company.

c £35,000 + Bonus + Car

Candidates, aged 32+ will be graduate qualified accountants with strong experience of financial management gained in a component manufacturing environment along with a high degree of computer literacy. Well developed communication skills along with a high degree of personal presence and maturity will be essential to make a significant contribution to the profitable development of the company.

Interested candidates should forward a comprehensive curriculum vitae to Stephen K Banks, ACMA, at Michael Page Finance, 6th Floor, Aquis House, Greek Street, Leeds LS1 5RU. Reference 188158.

Michael Page Finance

Specialists in Financial Recruitment

Group Accountant

Hong Kong/London

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Our client is a powerful, global investment manager with offices in the world's key financial centres. It currently manages over US \$30 billion of funds for a wide range of both retail and institutional clients. With the polarisation of the fund management industry between global providers and small niche players, our client is uniquely positioned as a multi-market, multi-product business able to deliver tailored investment solutions.

Due to the ongoing development of the business a requirement has now arisen for a Group Accountant. This role will be initially based in the Hong Kong office with a view to transferring back to London after approximately six months. The special challenges will be to successfully migrate the non statutory functions back to the UK and to become actively involved in transferring the group reporting from the current Lotus based package to the new global general lodger system.

Other responsibilities will include: Analysis of local management accounts for Senior Group Management.

£ Excellent Package

 Consolidation of group management reports, quarterly reforecasts, annual operating plan.

Staff management. The ideal candidate will be a graduate qualified accountant aged 26 to 32 with around 2-3 years post qualification experience. They must have detailed knowledge of Lotus and general ledger systems coupled with consolidation and management reporting skills. This is an exciting opportunity for a well motivated, adaptable and proactive individual who thrives on change and challenges.

This role will not only offer the immediate challenge of working in a dynamic city but the future prospect of progressing within one of the world's largest financial institutions. Remuneration will include a competitive base salary and other banking benefits. Interested applicants should forward their CV to

Stephanie Warren, Michael Page Finance, Page House, 39-41 Parker Street, London, WC2B 5LH.

Michael Page Finance

Financial Accountant

South West London

Our client is a new joint venture set up within the service sector between three large international groups. The operation has already established sites in four locations in three European countries. The projected turnover in the first full year is in excess of £40m and as part of the plan to establish a head office finance team in London, the company is seeking to recruit a Financial Accountant.

Reporting to the Group Financial Controller, the responsibilities will include:

- · Establishing financial controls at all four
- international sites. Establishing systems and models for monthly reporting of group operations.
- Statutory reporting for UK & Belgium. Tax reporting for UK, Belgium and France.
- Co-ordinating multi-currency treasury

- $c \pm 35,000 + Bens$
- Co-ordinating contracts with third parties. Co-ordinating all financial accounting aspects for France, UK and Belgium.

The successful candidate will be a qualified accountant with excellent communication skills, able to speak french fluently and have extensive experience of international accounting from both a professional and commercial aspect. Exposure to French or Belgian accounting will be preferred.

This is a rapidly growing business and it is essential that the individual has a flexible and enthusiastic approach to the work. The opportunities lie within both the business and the shareholding companies.

If you are interested in this position please send your curriculum vitae, to Peter Gerrard, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance

Finance Director

London

Our client is a profitable, autonomous £150m turnover subsidiary of a prestigious plc. The business is international, has a dynamic, quality driven culture and is recognised as a market leader in its field, providing services to a wide customer base which includes many blue chip organisations.

The Finance Director, reporting to the Chief Executive, will be expected to make a significant personal contribution to profitability and to the growth of the business, which will be both acquisitive and organic. The Board works as a team and the support provided by finance is fundamental to the continued development of existing product lines, added value services and unparalleled excellence in customer satisfation. At the operational level, responsibilities include the leadership and motivation of a

c £60,000 + Car + Bonus

large team whilst constantly improving the quality of management information, planning, working capital management, financial control, statutory reporting and systems development.

We seek an ambitious, qualified accountant aged 35-45, with demonstrable success in all the above areas, gained within an organisation of similar culture and high professional standards. Flexibility, excellent interpersonal skills, self-motivation and a desire to make an impact on the business are essential.

Applicants should send a full CV quoting reference 187000 to Diane Forrester ACA, Executive Selection Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.

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YOUNG AMBITIOUS ACCOUNTANT

Lombard

BUSINESS - MOTOR - PERSONAL FINANCE

£30,000 Package

Surrey

Our client, Lombard North Central PLC, is one of the country's premier finance houses, providing a diverse portfolio of quality financial products to all areas of the economy through their Business, Motor and Personal Sectors.

The size and diversity of the Lombard group, combined with the increasingly technical regulatory framework within which it operates, has lead to a vacancy for a young, recently qualified chartered accountant to work closely with the Assistant Director of Financial Control to provide technical expertise to the group. This broad based role will also involve quarterly consolidations, US GAAP analysis, competitor comparisons and ad-hoc projects. Suitable candidates for this exciting opportunity within a major subsidiary of the National Westminster Bank group will have an excellent academic record and a 'Big 6' background, combined with the ability to communicate effectively at all levels. Experience of leasing

and instalment credit would be an advantage. Please send or fax details to Keith Tracy, Heathfield Hargreaves Ltd, Chaucer House, 6 Boltro Road, Haywards Heath, West Sussex, RH16 1BB. Tel: 0444 416636 Fax: 0444 416002.

Applicants with a disability will be guaranteed an improvided they are sainably qualified/experienced.

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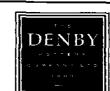
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em 071 873 4798

South Derbyshire



£40,000 Package

FINANCIAL CONTROLLER

The Denby Pottery Company Ltd is a well established, highly successful manufacturer of distinctive tableware. The Company is very profitable with a turnover in the region of £22 million, and is to be floated on the stock exchange in the next few weeks.

Reporting to the Finance Director, the role will encompass the day-to-day running of the Finance department, developing financial controls over the Company's international operations, and interpreting and improving management information.

Broader than a pure accounting role, it demands a constant contribution to the general management of the business, and to the development and implementation of its corporate strategy. The ideal candidate will be a Qualified Accountant, aged 28-40, with a minimum of three years post-

qualification experience within a manufacturing environment. You will have excellent interpersonal skills, a high degree of professionalism, commitment and commercial acumen, along with a strong track record of achievement.

Building upon the flotation and continuing growth, the future will provide excellent prospects for the A comprehensive benefits package is available, including executive car, bonus, and relocation

assistance where appropriate. Please submit a full CV to Time Shortman at Nicholas Andrews, 11 St Peter's Gate, Nottingham, NG1 2JF.

Tel: (0602) 414480 or Fax: (0602) 413652.



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Finance Director

Horsham, West Sussex

currently experiencing significant growth.

Our client is a fast growing player in the rapidly expanding and exciting business of direct telephone insurance broking. A subsidiary of a Plc which has strong institutional backing and specialist interests in niche market insurance services, the company is

As a result of this expansion, they wish to appoint a Finance Director. This is a key role in developing the full potential of this business. Reporting to the Managing Director, you will take full responsibility for the finance function with a strong emphasis on implementing financial systems and stringent controls to ensure that the back office performs a highly effective support function for the front office. Direct reports include a Finance Manager and 6 staff.

This is a highly proactive role which requires an assertive and determined character who can demonstrate the ability to initiate and manage change in a challenging and progressive business.

Michael Page Finance

to £35,000 + Car

The successful candidate will be an ACA, probably aged 28-35, with a good exam record preferably gained within a Big 6 environment. You will have a minimum of 3 years post qualified experience probably gained in a commercial environment. Candidates from practice will be considered but will have to demonstrate significant financial management and commercial ability. Experience of the insurance industry would be an advantage.

On offer is not just a position with significant growth and hence high carning potential, but the opportunity to genuinely influence the development of an exciting and growing business

If you feel you have the background and ability to satisfy these requirements, send your curriculum vitae to Jonathan Ross, Michael Page Finance,

Cygnet House, 45-47 High Street, Leatherhead, Surrey, KT22 8AG, quoting reference J188412.

Head of Group Audit

East Anglia

Package up to c£60,000 pa

A truly international group which has operations in 120 countries worldwide and continually demonstrates strong financial performance. Our client operates within a rapidly changing consumer product and service environment where the energy and enthusiasm of its management team ensure that it is at the forefront of new developments in its markets. As a result of an internal promotion this major career development opportunity has arisen. Reporting directly to the Chief Executive with a dotted line to the Finance Director you will be responsible for the effective direction and development of a number of teams of specialist

The worldwide audit of the group and the development of audit procedures and processes are the main objectives but additionally you will provide a wider consultative and advisory service to line management and ensure audit input to Performance Engineering

In order to effectively perform this role you will have broad experience of general business management as well as internal audit and will be a Qualified Accountant and/or MBA. You will also demonstrate:

- A balanced view between commercial reality and essential financial

Excellent interpersonal and relationship management skills, with an ability to identify and respond to the needs of line management

An ability to devise audit schedules which reflect strong risk management awareness (non-financial as well as financial) with an ability to prioritise accordingly.

- A high level of perception, able to assess new business risk.

A lively independent mind with the ability to debate sensitive, complex issues at the highest level.

 International experience with cultural sensitivity. The role necessitates regular international travel.

A full relocation package will be available if required. If you would like to discuss further how this opportunity could fit with your career plans, you should write to Karen Wilson, Hoggett Bowers, George V Place, 4 Thames Avenue, Windsor, SL4 1QP enclosing a recent CV and a note of current salary quoting Ref. WKW/4079/FT.

EXECUTIVE SEARCH AND SELECTION

INTERNATIONAL FINANCE OPPORTUNITIES MAJOR FMCG GROUP

Former Soviet Union

THE COMPANY

Formed a little over 7 years ago, this highly successful trading organisation operates within a number of rapidly expanding FMCG markets. The group is enjoying a phenomenal rate of growth in emerging markets of the Former Soviet Union. The company now needs to make a number of strategic appointments to strengthen the financial management team.

FINANCIAL CONTROLLER ST PETERSBURG £35,000-£40,000 EX-PAT

This role will assume full financial responsibility for an operation turning over in excess of £15m and expanding rapidly. Key challenges will include the production of accurate information for operational management, implementing budgeting and strategic planning routines and the development of a proactive

is the Challenge

REVENUE ACCOUNTING CONTROLLER

An established leader in the UK's telecommunications and cable TV industries,

NYNEX CableComma has already brought better cable TV and telephone systems to

hundreds of thousands of homes and businesses throughout the UK. It's a highly

successful high transaction volume business involving complex multi-site cash receipt

and revenue reconciliations. Due to massive expansion we are now looking for a

qualified accountant to join our Revenue Accounting Office in the Wimbledon

Your role will involve the management of the revenue accounting section which not

only tracks all revenue, cost of sales and aged debt but also controls the AR

reconciliation process. You will be expected to Deputise for the Head of Department

You will supervise and plan RAO activities for our North and South divisions.

Controlling franchise accounting procedures, you'll review franchise and retail outlet

ACA, ACCA or CIMA qualified, you should have a minimum of 5 years experience

gained within a similar high transaction volume business preferably telecom or public

utility experience. Relevant practical experience of both financial and management

accounting would also prove highly desirable. An achiever, who is able to

demonstrate the initiative required to lead us through this growth phase, you will

In addition to a salary of c.34K you will enjoy benefits including company car, pension

scheme and private healthcare. What's more, you'll find the prospects for professional

To apply, please send your CV, day and evening telephone numbers quoting reference

APPOINTMENTS WANTED

Young Dynamic ACA

Seeks position with expanding small/medium sized company/group.

Excellent communicator, big 6 background,

commercially aware.

Please apply to Box A2015, Financial Times,

One Southwark Bridge,

London SE1 9HL

NYNEX CableComms.

Your Voice, Our Vision. The Right Connection

Roc 176 to: Alison Townhill, Senior Personnel Co-ordinator, NYMEX CableCo Ltd., Wimbledon Bridge House, 1 Hartfield Road, Wimbledon, London SW19 3RU.

finance department.

Growth

Headquarters, shortly moving to Tolworth.

and appoint line managers for key functions.

need to prove totally reliable under pressure.

and career development hard to equal anywhere else.

PROJECT ACCOUNTANT £30,000 EX-PAT

MOSCOW

This is a key role to help establish and run a bottling operation in Moscow. The responsibilities will be all encompassing to include a significant element of ad hoc projects. Previous experience of FMCG operations would prove

FINANCE MANAGERS X 3

advantageous. Significant commercial liaison can be anticipated in this role.

VARIOUS LOCATIONS £25,000 EX-PAT These opportunities are a direct result of the continued growth in the business

activities. Ideal candidates will be newly/recently qualified accountants with strong commercial acumen, and well developed communication skills. This is an excellent entry point for accountants who wish to gain international experience in a truly dynamic environment.

In addition to the salaries indicated above, a comprehensive ex-pat benefits package will also be provided. Interested candidates should contact Jane Braithwaite or Michael Shoebridge on 071-408 1312 or 081-993 0639 (eves/weekends). Alternatively send your CV to the address below, indicating why you feel you are able to make a contribution in the above roles.

MARKS • SATTIN

18 HANOVER STREET, LONDON W1R 9HG, TEL: 071-408 1312, FAX: 071-355 4501

DIRECTOR OF FINANCE INFORMATION AND COMPUTING: ROYAL HOSPITALS NHS TRUST

St Bartholomew's, the Royal London and the London Chest hospitals have a combined budget of £210 million, and employ over 6,800 staff. We were awarded Trust status on the 1st April 1994 and are now part of the Royal Hospitals NHS Trust and seek applications for the Director of Finance, Information and Computing with the Royal Hospitals NHS Trust.

SUBSTANTIAL SALARY PACKAGE

THE POST The postholder will be responsible to the Chief Executive for all aspects of the Trust's financial activities and will act as Financial Advisor to the board. In addition, the postholder will be required to contribute to the development of the Trust's strategic plans and in the formulation implementation and review of the Trust Financial, information and

Computing Strategies.

THE PERSON To succeed in this post you will need to be a progressive qualified accountant with senior financial management experience in the NHS or a comparable large organisation preferably at board level. In addition, you should demonstrate excellent leadership, inter-

If you think you match the specification above and would like an informal discussion and job information pack please contact:

personal and communication skills and an ability to work under pressure and as part of a

Gerry Green, Chief Executive, The Royal Hospitals NHS Trust, 5th Floor, Alexander House, Whitechapel, London El 1BB. Tel: (071) 377 7422.

Application is by CV and the closing date for receipt of applications is the 19th May 1994.

Working Towards Equal Opportunities

Assistant Controller

■ THE COMPANY: A medium-sized international French group (TIO 650 MF), world leader within a specialised miche in industrial supplies with 20 subsidiaries worldwide.

THE POSITION: Reporting to the group controller, you will be responsible for implementing a new monthly consolidation and reporting package, for analysing the results of several operating units and for assisting the group in its internal and external development worldwide.

■ THE CANDIDATE: A qualified accountant (ACA, CIMA...) with an initial experience in a public accounting firm, ideally followed by financial experience within a multinational, you speak French and are looking to develop a career in continental Europe.

■ Interested candidates should contact Ivor ALEX in Paris on (33.1) 42.89.09.17 or send their curriculum vitae quoting reference 1678/IAFT by fax on (33.1) 42.89.09.85 or to NORMAN PARSONS. 6 rue Paul Baudy, 75008 PARIS.



WORLD LEADER IN FINANCIAL RECRUITMENT WITH OVER 150 OFFICES ON 3 CONTINENTS

Manager - Management Accounting

DUBAI

The Emirates Group

The Emirates Group comprises Emirates, the award-winning international airline of the United Arab Emirates, voted Executive Travel's 'Airline of the Year 1994', and DNATA, Dubai National Air Travel Agency, a major travel agency and handling agent at Dubai International Airport.

The Job

Reporting to the Finance and Information Technology Director at senior managemen level, the Manager - Management Accounting is responsible for developing the Group management accounting support for the business; coordinating financial planning and budgeting; identifying and providing for the ongoing requirements of business managers. In addition, the Manager - Management Accounting will be required to coordinate the activities of the business Management Accountants and provide financial analyses to

The Person

We are looking for a person with an MBA majoring in finance, who should also be a qualified ACMA or equivalent. With experience in major multinational industries, and at least 10 years' working experience in Finance including extensive line management experience applicants should be familiar with the latest cost ement concepts and have an in-depth knowledge of financial systems. All to be combined with a strong customer service focus and excellent interpersonal and communication

The Package

This position is based in Dubai, the cosmopolitan hub of the Middle East which provides an excellent way of life, a demanding work environment with extensive leisure and

An attractive tex-free salary will be paid, together with fringe benefits which include fully lation, company car, medical / accident / life insurance cover, school fees contribution, free annual leave travel and concessional travel usual to the industry. Applicants should send a fully detailed resumé to arrive not later than 15 days from publication of this advertisement, quoting the reference code 'MMA / FI" to : Personnel Manager (Commercial & Service Departments), P. O. Box 686.



THE FINEST IN THE SKY.

FINANCE DIRECTOR – designate –

PROPERTY

Circa £35,000 + benefits THE COMPANY

We are a well established design company based in London's West End. The company seeks a new Finance Director to complete its management team. Consolidation of recent gains and expansion of market share are strategic objectives. THE JOB

Reporting directly to the Group Board the candidate, initially FD

designate to the main operating company, will have overall responsibility for group finances, administration and company secretarial duties. Key tasks are profit forecasting, treasury management and improvements to the budgetary control

THE PERSON

You should be a qualified accountant, preferably educated to degree level, with a minimum of 3 years PQE. Strong hands-on management, interpersonal skills and a need for achievement are minimum personal pre-requisites.

Please send, in confidence, a comprehensive career resume and scalary history to

Managing Director, 27 Queen Anne Street, London WIM 9FB

The Top Opportunities Section

For Senior Management

Appointments

For advertising information call-

Philip Wrigley on 071 873 3351

FINANCE DIRECTOR Based in Barking, Essex

(turnover in excess of £100m). The UK activities comprise international transportation and inland purchase of road haulage, together with forwarding and

The position requires a person of proven management skills and a

recognised Accountancy qualification. A reasonable fluency in German

Hapag-Lloyd (UK) Ltd., a wholly owned subsidiary of Hapag Lloyd A.G., is offering the position of Finance Director with overall financial control (turnover in excess of £100m). senior position.

> you wish to be considered please apply with a full CV and current salary, to: Personnel Manager, Hapag-Lloyd (UK) Ltd, Hapag Lloyd House, Cambridge Road, Barking,

Essex IG11 8HH. The Company operates a no-smoking policy.



FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone:

Philip Wrigley on 071 873 3351

FINANCE DIRECTOR, CENTRAL EUROPE

Attractive Salary

Dell Computer Corporation is currently the world's fifth largest manufacturer of high performance personal computers. The Dell brand is one of the pre-eminent names in the industry. Founded in 1984 in Austin Texas, Dell launched its first international operation in the UK in 1987. The company has since opened wholly owned subsidiaries in 15 other countries, and its international businesses now represent about 40% of the company's \$2.9 billion revenues.

The Role

The internal promotion of the present FD has resulted in this very recent

 Reporting to the Managing Director, Central Europe and the European VP, Finance you will have total responsibility for all financial analysis, accounting and credit related activities for Germany, Switzerland, Austria and Eastern Ешгоре.

As a key member of the Central European Management team, you will be involved in the development of future business plans, and be expected to provide strong and influential contribution to decision inaking predominantly in the areas of sales and marketing.

■ Implement key financial policies, systems and controls to corporate standards. Support business units and channels to optimize financial performance.

The Person

■ A minimum of 8 - 10 years post qualification experience, the most recent within an international, fast moving, commercial environment. Hands on experience of managing a multi-site, multi-country team. Impressive track record of survival and career progression in a dynamic, energetic, multi-

■ Ideally aged between 35 - 40 years old, you should be a qualified accountant of graduate calibre, preferably with an MBA. Solid grounding of US (GAAP) and local statutory requirements are prerequisite, perhaps gained in a US or "Big 6" firm.

 Excellent presentation, coupled with strong interpersonal skills and a highly self-motivated manner. Fluency in English and, ideally, German. French language skills would also be of interest.

Patricia Lyne, European Recruitment Managet,
Dell Computer Corporation Ltd, PO Box No 3517, Bracknell, Bedshire RG12 iGY



Assistant Group **Financial** Controller

This is an exceptional career opportunity for a qualified accountant with at least 5 years post qualification experience.

You will need a strong and broad financial background with an ability to see the wider perspective as well as an appreciation of technical and detailed issues.

More importantly however this is your opportunity to demonstrate that you can be credible at the highest level. You must also have excellent interpersonal skills enabling you to be firm but diplomatic with senior financial and line management around the world. A sensitivity to international cultural differences is likewise essential.

Our client, a major international group and well known name in the service sector, has a strong policy of divisional autonomy and empowerment. This in turn generates the need for this position which will act as a key lialson point between group and regional controllers to ensure that financial integrity is consistently maintained to the highest level during a period of major growth and change. The role offers great scope for initiative and new ideas, and therefore demands that the successful candidate be a self-starter with strong influencing skills and commercial maturity.

Additionally you will lead a small team and have certain line accounting responsibilities at Group level.

East of England

c£35,000 pa

Plus Bonus and Car

Our client has a philosophy that the customer comes first and all company policies are formulated with customer service in mind Having the best staff is a crucial factor in delivering a demonstrably better service to customers than competitors. Training and development of staff is therefore a main objective and the individua who succeeds in this role can expect further personal development opportunities. The role will include a limited amount of international travel.

A full relocation package is available if required.

If you feel that you would like to discuss this outstanding opportunity further please write to Karen Wilson, Hoggett Bowers, George V Place, 4 Thames Avenue, Windsor, SL4 rQP enclosing a recent CV and a note of current salary quoting Ref WKW/4081/FT.

EXECUTIVE SEARCH AND SELECTION

ACCOUNTANTS

GRADE 7 LEVEL. Salary: £25,900+. Posts are based in Birmingham and Bristol

SENIOR EXECUTIVE OFFICER LEVEL. Salary: London £23,551 - £29,161 Elsewhere £21,711 - £26,881

Posts are based in Birmingham, Bristol and London

The aim of the Employment Department is to support economic growth by promoting a competitive, efficient and flexible labour market. We work in partnership with the network of 75 Training and Enterprise Councils in England, which deliver programmes and services contributing to this aim.

We are seeking to appoint Accountants who will become members of local management teams responsible for negotiating, monitoring and controlling contracts with TECs.

Ideally, you must be a professionally-qualified member of one of the CCAB bodies, but people with IIA or AAT qualifications who have the experience and can demonstrate the competencies required of senior accountants will be considered. You should have experience in audit and accountancy, working with senior management to overcome problems identified in audit, and in managing the finances of your own organisation.

Grade 7 salaries are in the range of £25,900 to £34,469 with increments depending on performance.

Starting salary will depend on qualifications and experience.

For further details and application form (to be returned by 26 May 1994) please contact Mrs D Parish, Employment Department, Personnel Branch, Room N209, Moorfoot, Sheffield S1 4PQ. Tel: 0742 593269 (24 hour).



$\overline{H} \cdot \overline{I} \cdot \overline{L} \cdot \overline{L} \cdot \overline{M} \cdot \overline{A} \cdot \overline{N}$ $S \cdot A \cdot U \cdot N \cdot D \cdot E \cdot R \cdot S$

FINANCE DIRECTOR

30-40

Salary: to £50,000

Our client, a major Lloyd's plc broking group is launching a direct marketing/service company based in Northampton. This new, automous business will have substantial financial backing to support its ambitious growth plans in motor and personal lines insurance. This is a superb opportunity to join the senior management team at Director level at the start of this exciting

Reporting to the Managing Director, you will have full accounting responsibilities, including cash and taxation management. The successful candidate will be a qualified chartered or certified accountant with experience in a high volume transaction service business, ideally gained within insurance/financial services. Experience of setting up nominal ledger and other accounting

A team player, with strong interpersonal skills, the appointee must have the ability to liaise effectively with external advisors as well as colleagues. A "hands on" approach is essential for

The position also offers an annual bonus, profit share, executive car plus excellent benefits. To apply please write with a full CV to Peter Hillman quoting reference V5460. All enquiries will be treated in the strictest confidence.

> 78/79 Leadenhall Street, London EC3A 3DH Telephone: 071 929 0707 Facsimile: 071 929 1666

CROMWELL HOSPITAL, LONDON **FINANCE MANAGER**

£45.000 + Benefits

The Cromwell Hospital is a leading hospital in the independent sector and excels in technology and patient care. The successful candidate will report to the Chief Executive Officer and implement the objectives and financial targets of the hospital. There will be involvement in corporate and financial strategy with development and implementation of financial policies to achieve the business plan.

The successful candidate will be a chartered accountant who has worked in a senior management position for at least 5 years. Skills in communication and teamwork would be essential. Candidates who will apply are unlikely to be under 30 years of age. Clarity and objectivity in planning with the ability to instill credibility and conference are important. Candidates who have knowledge and experience of working in hospitals would be preferred.

Please send your Curriculum Vitae and a current photograph to:

Personal Assistant to the Chief Executive Officer Cromwell Hospital Cromwell Road London SW5 OTU

Applications for this position will close by 10 May 1994.

Financial Controller

SOUTHERN HOME COUNTIES - FINANCIAL SERVICES - £45,000-£50,000 package+car

ur client is a significant subsidiary of a major Financial O ur client is a significant substitute of a superior of £15 billion. With a commitment to an impressive growth plan over the ttext five years, it is now seeking to appoint a Financial Controller. This individual will contribute significantly to the strategic planning and day to day commercial decision making process affecting the business.

The position reports to the local head of the business and will be pivotal in the formulation of the husiness in a rapidly developing market. Responsibilities cover all aspects of Finance. Key tasks will be to bring a clear financial focus to the management of the organisation and to develop an

efficient Finance team.

The successful candidate will be a graduate qualified ACA. aged early thirties to early forties, with a record of achievement probably, although not necessarily, gained within a Financial Services institution. Excellent manage and interpersonal skills are essential as is the ability to influence at a senior management level.

This is a first class opportunity to contribute to the future success of an ambitious and high growth company. The remuneration package will include a company car and other

Interested applicants should write, enclosing a full CV, including details of current remuneration, to Fiona Jobson or Judi Bearcroft at the address below.

Alderwick Peachell & Partners Limited, Recruitment Consultants, 125 High Holborn, London WC1V 6QA. Teb 071-404 3155. Fact 071-404 0140.

Group Chief Accountant

C.£30,000 + car + benefits

Our client is a UK pic at the head of a very successful multi-national

group with an expanding and diversified portfolio of industrial activities. Annual turnover is approaching $\pounds 300$ million. Internal promotion has created this excellent opportunity to join the

Reporting to the Financial Controller and heading a small department, you will have primary responsibility for statutory and management consolidations and for the group's budgeting and forecasting exercises. In addition, you will control the accounting and tax compliance for a number of holding companies, provide technical assistance to group operating companies and be involved in acquisition reviews plus other project work.

Northern Home Counties

A Chartered Accountant, ideally aged under 30, you should have at least two years' post-qualification experience and be skilled in computer modelling. You must be able to demonstrate first class technical and communication skills and have the ambition and ability to progress.

To apply, please send your CV and current salary to Barkers, Berwick House, 35 Livery Street, Birmingham B3 2PB, quoting

Your CV will be forwarded to this client only. Please

BIRMINGHAM TEL 021-212 4888 BRISTOL + LONDON NOTTINGHAM - MANCHESTER GLASGOW - EDINBURGH



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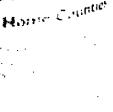














FINANCIAL TIMES SURVEY

THE CHANNEL TUNNEL







Europe has fallen, of

supreme importance,

though neither the largest nor

In 1987, when Britain and france ratified the Channel

Tunnel accord, few would have predicted that it would come to

fruition seven years later with

east and west Europe reunited

The tunnel to be opened today by Queen Elizabeth II

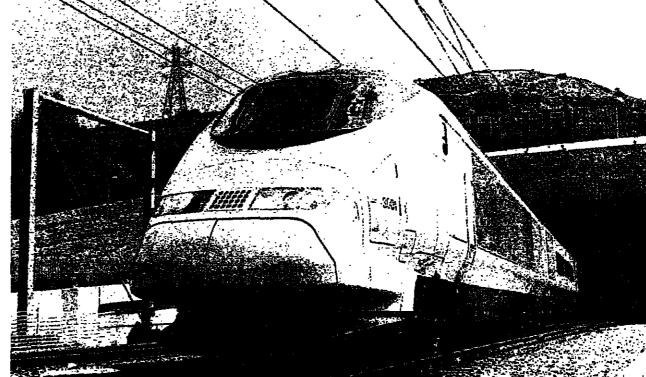
and President François Mitter-

rated by a mere three hours'

rail journey between London's rals, financiers and function-

again is whole and free.

by the end of the cold war.



Step that meets the spirit of the age

Waterloo and the Gare du Nord in Paris - also sums up the state of Europe. The walls and the watchtowers of east-west division have disappeared. Yet the continent is beset by strains engendered by recession, deep-seated changes in economic structure, the break-up of the Soviet empire

rand forges a further link in and German reunification. the chain of contact and coop-The continent must now eration across a continent that manage an arduous transition. The momentous task of tunnel-"It was the best of times, it ling beneath the Straits of was the worst of times." After Dover symbolises the challenges Europe faces and the months in which elation over the tunnel's prospective opentrials it has yet to overcome. ing has been tempered by frus-The stretch of water between tration at delays and financial Britain and France has a cenoverruns, Charles Dickens' tral place in the history and classic line aptly describes the mood at Eurotunnel, the operafolklore of the two nations, both in peace and at war. Durtor of the 32 mile (50km) link. ing the past 200 years, the idea Dickens' introduction to A of joining Britain and France Tale of Two Cities - now sepa-

grown to £10bn. This is more has sporadically occupied the minds of engineers and admi-

aries, schoolboys, prime ministers and madmen.
The problems of constructing

the world's longest undersea tunnel cannot be gainsaid. Accomplishing this ambitious infrastructure project without recourse to government funds has been more exacting than the optimists forecast. The tunnel's overall cost has

than double Eurotunnel's estimate when construction started six years ago, a time when buoyant economic conditions spurred wishful thinking. As a result of tortuous teething troubles, a full freight and passenger service will not start until October, causing a large financial loss in the first year of operation and exacerbating pressure on banks and share-

holders. Yet when the overall assessment of the enterprise is drawn up, these burdens should not be allowed to weigh too heavily in the balance. If the skill, ingenuity and perserverance deployed in building the tunnel can be turned towards fashioning the new Europe, then the continent's

salvation is assured. The historic rapprochement between the UK and the rest of Europe advances one more pace. Britain remains tied by formidable bonds of blood, heritage and shared experience to America and the Commonwealth. Yet the tunnel makes more evident and more acceptable the reality that Britain's destiny lies with and in

The French President and

The opening of the Channel Tunnel strengthens the argument that the destiny of Great Britain lies in and with Europe, writes David Marsh

turn a new page in relations between two countries joined and separated by a rich vein of turbulent history. In 20 years, the chroniclers of the century's final decade may speak of a new heading. In 50 years, with luck, they may be able to point to a new chapter.

In psychological and geographical terms, today's event is unquestionably of greater magnitude for the UK than for the French. Britain's land connection to the rest of the European Union has hitherto been limited to the troubled border between the Irish Republic and Northern Ireland.

France is already joined physically to Spain, Belgium, Germany, Switzerland, Luxembourg and Italy. From now on,

the British Queen will today all these countries will appear, turn a new page in relations to British hearts, a small but perceptible degree closer than before.

Construction has marked an effort of colossal technical, financial and political complexity. Environmentalists' objections have had to be acted upon, politicians' egos massaged, bankers' nerves calmed, terrorists' ambitions (with luck) thwarted.

The tunnel sets a milestone for many reasons. Achieving such a project without public sector funding has necessitated imaginative and controversial financing techniques.

The venture has literally unearthed new ground in construction and civil engineering technology. It has spurred sal-

utary competition on a much-

travelled route on which sea operators up to now have enjoyed natural dominance, and has opened new perspectives for rail transport and

freight haulage across Europe. The tunnel has intensified Angle-French cooperation in areas ranging from handling equity flotations and harmonising railway signal equipment to commissioning boring machines and providing fences against rabies-carrying foxes.

More than anything, it is a project both in line with and in advance of the spirit of the times. The two governments were able to reach agreement on a project embodying many of the concepts of economic policy that have come to dominate the agenda of the 1990s: competition, the primacy of private sector finance, the drive to complete the barrier-

free single market. For all the commonly-held

TUNNEL'S TIMETABLE

● Sept 11 1981: UK, France link across Channel.

Jan 20 1986: Twin-bore July 29 1987: The fix link treaty retified.

Nov 4 1987: 25bn credit

agreement signed. ● Dec 1 1987: Excavating starts.

July 26 1989: Shuttle rolling stock ordered.

April 21 1990: Half com-Oct 25 1990: Eurotunne gains additional £1.8br

Oct 30 1990; UK-French contact in service tunnel.

Dec 1 1990: First people cross to England by foot.

June 28 1991: Main tunnelling completed.

• Jan 29 1993: New UK

nvoy to France cros through tunnel. Oct 11 1993: Eurotur savs £1bn more needed. Dec 10, 1993: Contrac

hand over tunnel.

April 21, 1994: Delay in first rail services announced.

May 6 1994: The official opening ceremony.

belief in the constancy of national characteristics, the tunnel illustrates what has changed in Europe. The British were once renowned as a race of railway-builders, the French - at least in the popular imagi-nation of the English - as a people incorrigibly wedded to time-honoured preservation of

their foretathers' paysage. In the latter part of the 20th century, these roles seem to have been reversed. Ludicrously yet endearingly. Britain has failed to construct a high-speed train link to join the tunnel to London. By con-trast, the French engineers of the Polytechnique and the Ecole des Mines have unswervingly pressed new lines into service to ensure Eurostar trains race across the Nord-Pas-de-Calais plain before ambling through the hop groves of Kent.

The tunnel, by itself, will make neither France less French, nor Britain less British. It represents a step towards European convergence, but also illustrates the continent's abiding diversity.



British Steel has been deeply involved in the Channel Tunnel project right from the start.

Its construction depended on our sheet steel piling and service rail track. Our steel plate was at the sharp end throughout the tunnelling phase. And, now it's finished, you'll travel to France on permanent, high speed British Steel rail track.

We take a rare pride in this involvement. After all, it's not often that our exports go down rather than up.



make fast rail travel a viable

alternative for many travellers.

European high speed rail net-work have been estimated at

more than £60bn though it is

thought that it could lead to a

quadrupling of passenger mile-

age travelled. Passenger growth coupled with improved

productivity could lead to the

rail companies achieving a 10

project, it has been calculated.

speed trains have made the

It is France where high

cent rate of return on the

The costs of creating a pan-

All aboard the 'bullet'

symbols of advanced technology in the 1990s than the high speed train. The fast rail networks being developed throughout Europe promise a remarkable reversal of the steady decline of train travel which has been under way since the end of the Sec-

High speed rail services have their origins in the Japanese bullet train or Shinkansen which first went into service between Tokyo and Osaka in 1964. But it has been in Europe, with its scattered centres of population and its crowded transport routes, that the idea has taken off.

A growing awareness of the the potential of rail travel prompted the European Commission in 1990 to launch a programme to bring together national initiatives. Detailed studies are being carried out by a high speed task force while the scope of the programme has recently been extended to include the countries of eastern Europe.

The programme, which envisages the creation of a Ruropean network of high speed lines by 2010, involves the construction of 5,600 miles of new track, the upgrading of a further 9.400 miles of track and the creation of 750 miles of linking tracks.

The new lines are to take trains running at 160 miles per hour and more, while the



ds of about 125 mph. The aim is to make rail an attractive option for business and lelsure travel on journeys of between 125 miles and 625 miles. Even longer journeys would be realistic overnight.

Journey times across Europe would roughly be halved with Brussels to Madrid falling to just over eight hours from nearly 16% hours: Brussels to Milan to five hours 15 minutes from 10 hours 20 minutes and Brussels to Berlin to six hours 15 minutes from nine hours.

The benefits of high speed train travel over airplanes and cars are that it delivers passengers into city centres, it can handle large volumes of traffic, is less polluting than other means of transport and makes more efficient use of energy. In addition, high speed trains

boost passenger numbers on connecting slower inter-city and suburban lines, increasing the financial return to the entire network. They also make an important contribution to regional and economic policies, improving links with peripheral regions.

Choked European airports, crowded skies and congested

most comprehensive network has been established although Cermany, too, is creating an ambitious network of high speed services.

The French railways began operating its first high-speed trains - trains d grande vitesse (TGV) - at up to 170 mph between Paris and Lyon in September 1981, halving the journey time to just two hours and doubling the volume of passen ers using this route. The TGV Atlantique followed in 1989 linking Paris with Bordeaux, Biarritz, Toulouse and Brittany at speeds of up to 185 mph.

The imminent opening of the Channel Tunnel led to the construction of high speed lines north from Paris to Lille and Calais while work is also under way on a section to the east of Paris linking the northern and southern routes.

Germany began developing a high speed network of Inter-City Express (ICE) trains in 1988 and now has three routes in service including a link with Berlin. The ICE trains are built by a consortium headed by Siemens while French high speed technology has been developed by the Anglo-French company GEC- Alsthom.

Both Spain and Italy are working on ambitious plans to establish high speed networks but both currently run just single lines. The Spanish AVE high speed train, built by GEC-Alsthom, came into service in 1992 on 270 miles of specially built track between Madrid and Seville.

In Italy the Direttissima service runs between Rome and Florence although plans for a larger network have been stalled for several years. However, a consortium of international banks and the Italian railways

high-speed rail network 2010 New fines to 250 kph Upgraded lines to 200 kph Routes to be determined 0

als for a vastly expanded network linking Turin, Venice, Milan and Naples.

At present no high speed service crosses a national border though this will change once Eurostar trains, which are a modified form of TGV, start running between London, Paris and Brussels. But it will not be before about 2002, that high-speed services will be available on the British side of the tunnel because of delays in beginning work on high-speed line through Kent to London.

The main barrier to cross-border links is the varying technologies used by the different national railways. The Eurostar trains have been designed to take account of three different electricity networks and four signalling systems (including the one in

the Channel Tunnel). Track gauges, the distance between the rails, are not a problem in most of Europe though Spain, Portugal, Ireland and Russia differ from

the standard gauge.

A problem for Britain is its smaller loading gauge which means continental European locomotives and rolling stock are too broad and high to fit between British station platforms or under many bridges. Technical harmonisation is

one of the biggest tasks of the task force working on the high speed pan-European network. A priority is to create a unified command and control" system, combining the latest developments in electronics. computing, telecommunications and avionics, to replace the incompatible national

A potentially worrying development for the European task force is the development by Germany of magnetic levita-tion technology whereby trains

run on a magnetic cushion above a monorall. The German government gave its approval two months ago for the world's first commercial "magley" train to run between Berlin and Hamburg at speeds of up

Maglev technology has yet to prove itself in large-scale commercial use but it does raise the prospect of a competing system which cannot be fitted into the continental network.

Elsewhere in the world conventional "wheels on rail" technology is being used for the development of high speed links. The South Korean government last month gave the go-ahead for the construction of a high speed line between Seoul and the port of Pusan by a consortium headed by GEC-Alsthom. Taiwan has plans for a high speed line between Taipei and the southern city of

Kao-Hsiung. In North America, meanwhile, European manufacturers are attempting to win contracts for high-speed lines in Texas and between the cities of eastern Canada. To date high speed rail links have made their biggest impact in Europe but they clearly have the potential to revolutionise medium-distance travel around the

■ WHAT THE USER GETS

High speed and comfort

For the regular air traveller between London and Paris, the Channel Tunnel rail service is the answer to a jet-lagged dream. Farewell to the interminable London Underground journey to Heathrow airport. Goodbye to the air passenger in front whose seat is pushed back against your nose. No more confused wanderings around the circular terminal one at Paris Charles de Gaulle. Adieu to FFr250 taxi rides into

central Paris. While many travel agents expect the Eurostar railway service from London's Waterloo station to Paris and Brus-sels to take business away from the airlines, they say it will not appeal to everyone. And they are less optimistic about the chances of the Le

Shuttle car service taking 'Everyone I've spoken to business from cross-Channel has said they like the idea

of going by train' The Eurostan service ís expected to win business from the airlines, particularly among business travellers. European Passenger Services, which will run the trains, has

indicated it will charge fares which undercut airline prices. Mr Simon Beeching, managing director of Wexas International, a club organising business and leisure travel for its members, believes Eurostar could win business even if it charged slightly more than the airlines. "Everyone I've spo-ken to has said they like the idea of going by train. It takes you from the heart of London to the hearts of Paris and ," he says.

Mr Mike Platt, director of commercial affairs at Hogg Robinson Business Travel International, says many of his customers have mentioned the attractions of being able to sit around a table on trains between London and the Continent, running through presentations or preparing for meetings - something which is difficult to do on an aircraft.

For anyone living reasonably close to the centre of Paris or London, travelling by Eurostar could take about the same amount of time as flying. Door-to-door, a journey from a London suburb to central Paris is about four hours. The Eurostar train journey between the two cities is expected to take three hours; door-to-door travel will also be

Mr Platt points out, however that the Channel Tunnel rail service will not be convenient for everyone. Many business travellers from London live in the Home Counties and they might not be travelling to the centre of Paris. Mr Platt says: "If you're travelling from your office in London SW1 and going to downtown

factory outside Paris." The train service will also be up against one of the airlines' principal attractions: frequent flyer points. Accumulating frequent flyer points has become an obsession with many husiness air travellers, who use them to take their holidays.

Paris, the train is ideal. But

it's not if you're going from

your home outside London to a

travel agents say that European Passenger Services should have no difficulty developing attractive customer loyalty

Business

programmes. Paris and London are popular tourist destinations for the British and the French respectively. The opportunity to collect points towards a family visit to either capital would be a strong incentive for many Eurostar customers.

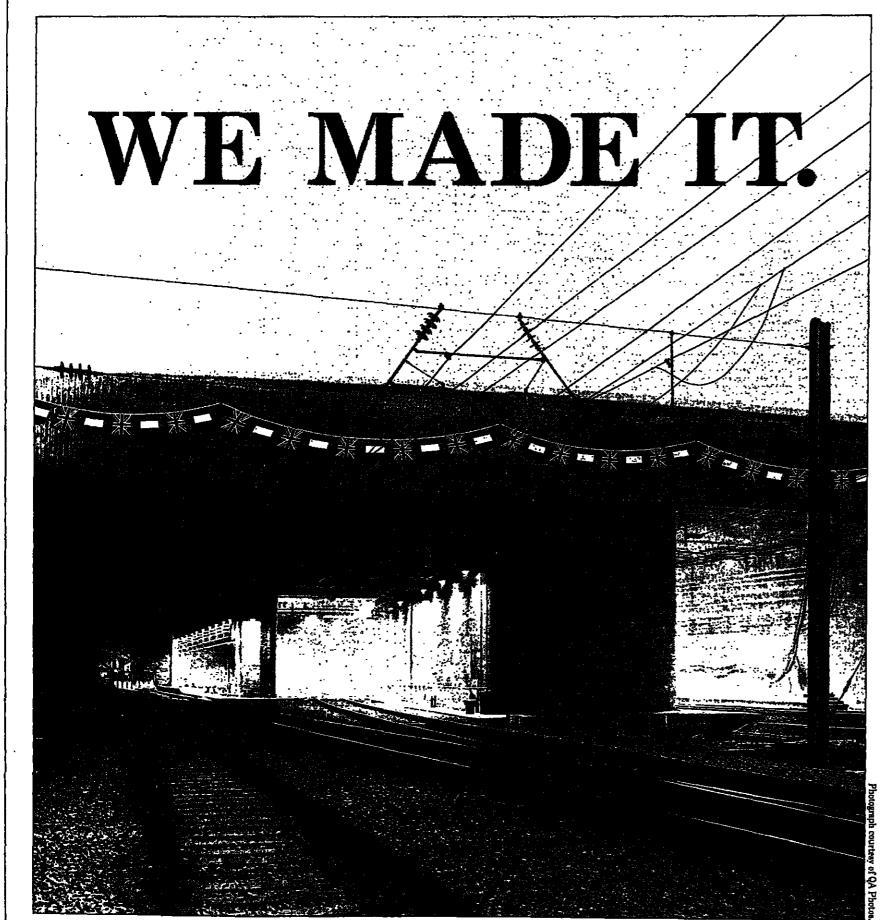
If the attractions of the Eurostar services will be obvious to many, those of Le Shuttle will be less so. Cross-channel ferries have succeeded in recent years in making the journeys they offer more pleasant, with bright decor, children's play areas, cinemas and etter restaurants and shops.

Car shuttle services are expected to be relatively spartan, with travellers remaining with their cars during the journey and the price of travelling by shuttle will be higher

than crossing by ferry. But Mr Peter Shanks, retail commercial director at travel agents Thomas Cook, points out the time advantage to travelling by shuttle. From motorway to auto-route, travelling time by shuttle will be 60 minutes. By ferry, it is 90 to 90 minutes.

Mr Shanks expects that by next year Le Shuttle will have 40 per cent of the non-air, nonrail traffic, compared with 60 per cent for the ferries, and by 1996, 50 per cent.

Michael Skapinker



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THE CHANNEL TUNNEL 3

opening of the tunnel creates enormous opportunities for rail freight transport in the

ARREST OF THE REAL PROPERTY.

UK. With few freight journeys economical at distances of less than 300 miles, the land-locked British rail network has in the past been unable to compete with road.

The completion of an undersea rail link with France changes all that. The 10,000 miles of British railway track will be joined to the mainland European network of 150,000

Transit times of just 26 hours between Manchester and Stuttgart and of only 30 hours between London and Milan should now be achievable.

The opening of the Channel tunnel will give us a very large railway to sell," said Mr Ian Brown, managing director of Railfreight Distribution (RfD). the British Railways' freight arm responsible for container and other shipments to the

Freight is expected to take up an important chunk of the 50 per cent of tunnel capacity which has been booked by the national railway companies. It is also forecast to account for a large part of Eurotunnel's revenues from running shuttle trains between Folkestone and Calais

RfD hopes that the opening of the tunnel will increase current train freight volumes from 2m tonnes a year to 6.5m tonnes within two years and 9m tonnes by about 2000. At

Freight will take a big chunk of the capacity booked by the railways

present railborne freight, which goes by train ferry from Dover to Dunkirk or by lift-on, lift-off container ship between Harwich and Zeebrugge, accounts for just 7 per cent of cross-Channel shipments by container, closed rail wagon or

RfD hopes to develop its container business conventional bulkier shipments of cargoes such as steel, paper and wood products and white goods.

It has contracted to carry Ford vehicle components to Spain and completed Rover cars in specially built double-decker wagons to Italy. Success will depend, to a large degree, on RfD persuading potential customers that it can provide a high standard of service. Many shippers have given up on BR unreliability of its freight

An important advantage of road transport is that the driver stays with his truck to

ir Alastair Morton, co-chairman of Euro-

rudeness and can be a bully.

At other times he can be

charming and humorous. He is

undoubtedly charismatic and

commands a grudging respect

No one has dominated the

Tunnel quite like Morton. Over

the past six years he has anta-

gonised contractors; battled with BR and SNCF; and critic-

ised government ministers, particularly British, for hold-

UK construction group Wim-

pey, when Morton last summer

was simultaneously threaten-

ing to sue for damages contrac-

tors, BR and SNCF and the

British government, sighed:

Surely, we cannot all be in

Morton's detractors insist

that the row with British and

French contractors over their claims for extra payments

could have been settled and the project opened earlier but for his stubbornness and bellig-

But his aggressiveness may not have been a disadvantage as far as the banks were con-

cerned. They needed to feel

confident that they were giving

their money to a tough client

who would fight to protect

The banks on several occa-

sions supported Morton

against attempts by contrac-

tors to unseat him. It is also

doubtful that Morton could

have persuaded the banks

His pugnacity may have

been no disadvantage

in handling the banks

much earlier to accept the set-

Even his fiercest critics

among the construction com-

panies admit that the project

would never have started but

for the energy and determina-

tion displayed by Morton in

then to stick with it when the

their interests.

contractors.

even from his critics.

ing back the project.

tunnel, is pugnacious, blunt to the point of **Potential** rali freight services via the Channel Tunnel



British Rail expects a boom in freight traffic, writes Charles Batchelor

Volume could treble by 1996

ensure that the cargo reaches its destination on time and in

good condition To overcome this suspicion RfD has promoted the creation three joint venture companies in which road hauliers and shippers also have a shareholding. Combined Transport (CTL), Allied Continental Intermodal (ACI) and Unilog will sell freight capacity to hauliers and freight

forwarders. Increasing rail freight traffic will also involve a change in attitudes in the UK towards what is known as intermedal or combined traffic, the shipment of goods by more than one means of transport, in this case road and rail. Because of the long distances involved in mainland Europe, intermodal traffic is much

more widely established on the Apart from containers, it can take three main forms: piggyback shipments which involve standard truck trailers being carried on specially designed low platform rail wagons; swap bodies which are effectively truck trailers without the wheels; and roll-on/roll off transport where the complete road vehicle, including the tractor unit and cab, are loaded on to the train. Intermodal shipments within

Europe rose to 20.1bn tonne/ the year before and 15.4bn in 1988, according to the International Union of Rail-Road Transport (UIRR), throughout Europe. The European Commission is

keen to promote the increased use of intermodal shipments to relieve pressure on busy transport corridors, to reduce exhaust emissions by trucks and to increase road safety. It has enabled combined transport operators to claim financial support from their national governments for investment in equipment.

Some continental European governments have granted concessions on road tax for vehicles involved in combined transport activities. Germany, for example, has

given 100 per cent refunds for vehicles which carry out a specified number of journeys

The UK meanwhile is raising the weight restriction on trucks serving regional rail terminals from 38 to 44 tonnes. But despite the continuing growth of intermodal shipments, the UIRR is

concerned at what it sees as a bias towards roads in the European Union's policy of liberalising transport. With the exception of Switzerland and Austria, which are not EU members but which are keen to get lorries

off their roads and on to rail. no country has made satisfactory efforts to promote intermodal transport, it said in That further investment in

intermodal capacity is needed was confirmed by a study by consultants A.T. Kearney. This

road/rail terminal capacity and the lack of a standard loading gauge (which determines the width and height of wagons) on Europe's railways were constraints on growth.

On many journeys combined transport could compete with road on price but on average

More freight will involve a new UK attitude to inter-modal traffic

road/rall journeys were slower than those made solely by

Intermodal shipments travelled at an average of 37 kilometres/hour while road shipments went at 69 km/hour, the survey found.

Improvements in the quality of the service, more active marketing and the creation of a standard loading gauge could lead to a trebling of intermodal shipments, which were just 4 per cent of total shipments at the time of the survey.

The cost of introducing a standard loading gauge would be enormous, as RfD has found with work involved in upgrading just a small part of the British network. Modifying even a limited number of routes from the Channel tunnel to the Midlands, the north west of England and Scotland to what is known as the Berne gauge would cost more than £3bn, it has

calculated. RfD has compromised by designing a new fleet of

low-platform wagons, which avoid the need for a full-scale conversion to the Berne gauge, and by renewing bridges on key routes.

Even so, its total investment in preparing for the Channel tunnel has amounted to £450m. This has created a freight network which links into nine regional freight terminals which are owned by the railways as well as a number of privately owned terminals

which are currently being

developed. If all goes well RfD hopes to have six trains a day travelling through the tunnel this summer rising to 16 trains each way by the spring of 1995. Britain would then be finally plugged into the European rail freight network.



Lorry drivers in the amenities coach Picture: Q.A. Photos

and the control of th

which groups 17 companies revealed that a shortage of construction of the Channel Joe Dwyer, chief executive of

Profile: ALASTAIR MORTON

Eurotunnel's strongman

project's finances.

Morton, 56 last January, was born in Johannesburg. His father was a Scottish oil executive and his mother a member of an old Afrikaner family. He has never shrunk from speaking his mind whether to journalists, fellow executives or supposedly recalcitrant construction companies.

It appears that he almost delights in rubbing people up the wrong way. He has been described as a man who cannot pass a calm pond without throwing a large rock into it, just to see what happens. tlement finally agreed with the

He will fight fiercely, not shrinking from personal attacks, to defend his judgment. He is a busy sender of letters and faxes to editors and others who have taken opposing views or have offended.

For such an outspoken character, he harbours surprisingly

persuading banks and financial institutions to part with their money in the first place and few grudges. One French contractor involved in the long running going got tough and costs battles over costs said: "After His sharp mind and previous the storm there is the caim. Alastair having argued until experience of working in the City gave them comfort that he he is red in the face that you

would keep a tight rein on the project's finances. are wrong, will suddenly say 'OK you win' and he will be

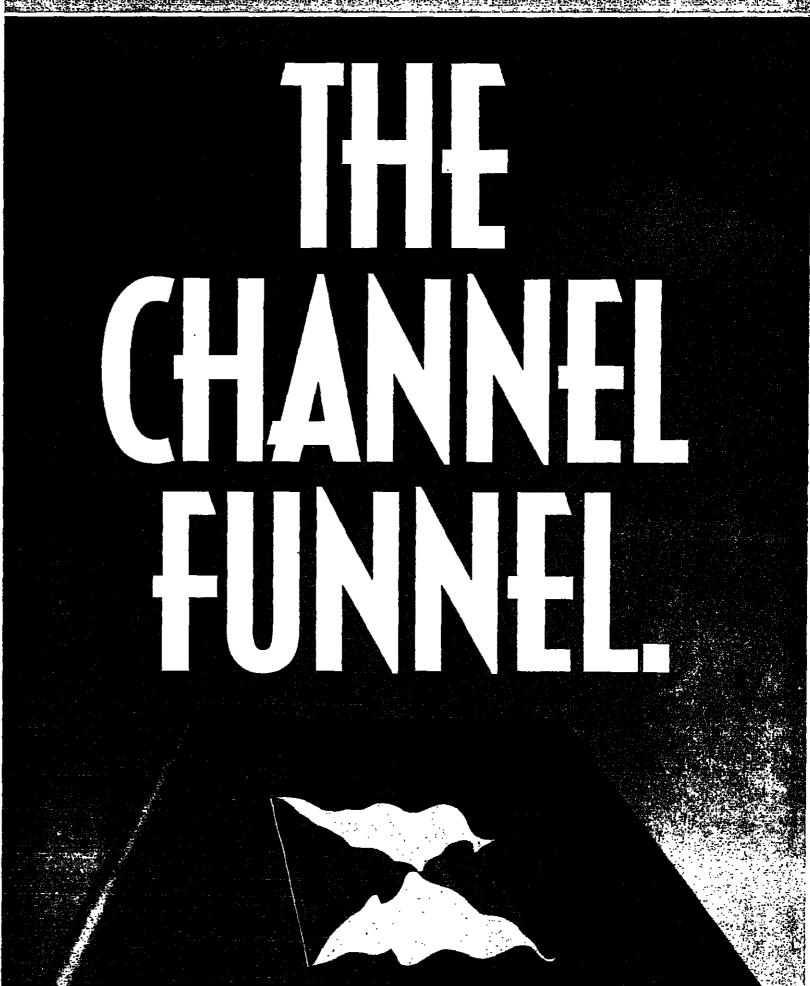
absolutely charming." Equally, he has not been afraid to back his judgment when he feels he is right. He resigned as managing director of the British National Oil Corporation after clashing with BNOC's chairman Sir Philip Shelbourne over privatisation.

The Bank of England subsequently prevailed upon him to take the helm at Guiness Peat, the ailing banking group. He publicly rowed with the bank's founder and major shareholder, Lord Kissin, over asset disposals and resigned after a successful hostile takeover by

Equiticorp of New Zealand. Chancellor Kenneth Clarke has now appointed Morton head of a working group to encourage greater private sector investment in infrastruc-

He will not shrink from criticising government if he thinks this necessary and contractors may yet be glad to see their former adversary lining up up on their side.

Andrew Taylor



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The success in completing the 50km (32 miles) crossing beneath the sea bed, in three tunnels, under one of the world's busiest waterways compares with the construction of the Suez and Panama

Memories of the bitter squab bles over costs and delays punctuating more than six years of construction will dim as future generations take pride in achievements of the British and French builders.

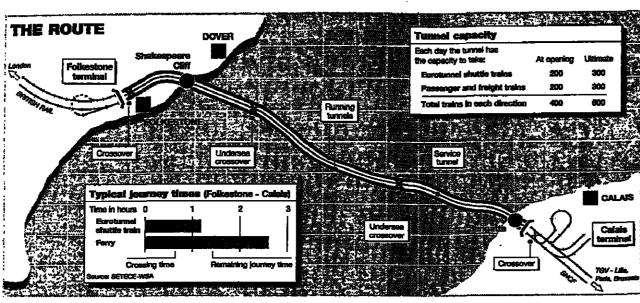
It has been a massive feat: 150km of tunnels have been bored and lined with more than 800,000 concrete segments weighing anything up to nine tonnes each.

Into these have been installed more than 22,000 tonnes of railway track, accompanied by more than 1,000 km of power cables and for signalling and communications

Jack Lemley, chief executive sortium of five French and five British construction companies which designed and built the project, says: "In six and a half years we have created Europe's longest tunnel, the longest under-sea tunnel and the world's most advanced transportation system.

Rail traffic and engineering management constantly monitor 30,000 separate locations in the network - one of the largest systems of its kind outside of the space programme. Information is relayed through these fibre optic cables carrying 700m bits of data every sec-

At either end of the tunnels are electricity sub-stations each of which is capable of powering a city the size of Lille. Fifteen thousand supports had to be installed inside the tunnels to carry the catenary powering the trains. This involved the handling of about 1m separate components.



It's a roll-call of engineering achievements, writes Andrew Taylor

The longest subsea tunnel

Michel Barbier, responsible for the early stages of the installation of mechanical and electrical equipment from France, described the process of transporting such a vast quantity of equipment and personnel through the narrow aperture of the tunnel mouth as like "force-feeding a goose in a very short space of time to

The squabbles will be forgotten as posterity marvels at the feat of its French and UK builders

produce the best ever pâté de foie gras".

The goose has now been stuffed and Transmanche says the volume of mechanical electrical equipment installed is equivalent to building 10 cement works, 20 sugar refineries or two large nuclear power

The concrete linings of the tunnel have a crushing strength approaching twice that of concrete used in pressure vessels of nuclear power stations. They were manufactured at two purpose built factories, one at the French terminal and the other on the Isle of Grain in the Medway and

All of this is a long way from where the consortium started in the summer of 1987 when the British and French parliaments approved legislation allowing construction to com-

On the site of the completed terminals near Folkestone, Kent and at Coquelles near Calais in northern France it is difficult to remember that this was once open countryside. The French site now contains a development the size of Heathrow airport. It was previously a marsh which had to be drained before work could start. The terminal now has its own water treatment plant capable of serving a town with

a population of 20,000. The ground of the Folkestone terminal, the size of Heathrow's Terminal Four, had to be raised by up to 12 metres. This involved pumping 2.6m cubic metres of sand dredged from the Goodwin Sands, thereby avoiding half a million lorry movements.

Construction of such a vast venture had many problems. Ten lives were lost during the building – eight on the British side and two in France requiring Transmanche to improve its health and safety standards, particularly training for tunnel workers.

Tunneling initially was very slow and cost more than planned. Ground conditions under the British coast were much worse than expected. Salt water, percolating through fissures in the rock, affected the delicate controls on the 200 metre-long tunnel-boring

Attempts to insulate equip ment caused overheating, periodic engine fires and many breakdowns. At one stage progress under the Kent coast was less than 20 metres a week, compared with more than 300 metres a week later. Mr John King, director



Jack Lemiey of Trans

responsible for the British tunnelling, later admitted: "There were several times when I thought we might not make it. One of the worst moments was when, with water still pouring through tiny fissures in the roof of the tunnel, we had to decide whether the modifications we had made to the machines would be sufficient to let us proceed. If they had not worked I do not know what we would have done; fortu-

Excavating the chamber to acc installed. Priction caused by nately, they worked." the passage of some of the largest trains in the world together At peak production, 2,000 tonnes of chalk mari an hour

> ture inside the tunnels to To compensate, a cooling

with heat generated by the

sophisticated signalling, com-

munications and other

installed equipment would

have increased the tempera-

Given the problems, it's a wonder that it did not take longer and cost a lot more to complete

system was installed, involving pumping 220 litres of water a chilled to 3degC through several hundred kilometres of pipes. The capacity of the cooling plants is equivalent to 25,000 domestic refriger-

Design changes, imposed by the Inter-Governmental Commission established by the two Governments and responsible for granting Eurotunnel an operating licence, also have added to delays and increased costs. In one instance, the commission demanded that fire doors connecting the shuttle wagons be widened by just 10cm requiring substantial reengineering of the wagons.

The enormous air pressure created by large trains travelling through the tunnel at up to 160km per hour meant that every component installed in the tunnel had to be designed within specific aerodynamic coefficients creating additional problems for designers and contractors. Supports for pipe-work caused serious problems because they were too fragile even though they satisfied aerodynamic standards.

In total, 20,000 light fittings have been installed in the tunnels, each of which has to be taken into consideration in terms of their effect on the temperature and aerodynamic efficiency of the system as a whole. Given the problems that have had to be overcome it is a wonder that the project did not take even longer and cost more to complete.

From Alcatel Mr Chazot

went to Adia, a Swiss tempo-

rary employment agency, run-

ning its French subsidiary for

18 months. This, he says,

broadened his experience of

orking in the service sector

ket place where price and mar-

gins were particularly impor-

tant. Eurotunnel and the ferry

companies say they are keen

to avoid a price war but the

huge increase in cross-Channel

capacity represented by the

tunnel makes fierce tariff com-

Mr Chazot's recruitment, at

the age of 54, to Eurotunne

followed a search by teams of

headhunters in London and

Paris. Nationality was not a

factor, according to Euro-

tunnel, which says it was

looking for the best person for

the job regardless of origin.

petition almost inevitable.

It also exposed him to a mar-

Bronwen Maddox describes the environmentalist backlash in England

Fierce clashes all the way

Channel Tunnel they told us they didn't need the line. So we let them build the Channel Tunnel. Surprise, surprise - this is

Those are the opening lyrics of Joan of Kent, a new musical now touring Kent and London which protests against the construction of railway links to

The environmental impact of the tunnel has caused some of the fiercest debates during its planning. Most of that heat has been focused on the size of the terminals, and the route and design of the new rail lines between London and the tun-

nel mouth in Kent. While the tunnel debate has been underway for years, in recent months the government has shown itself to be worried about public opposition to the encroachment of development on the countryside. It has announced a scaling-back of road building, partly on environmental grounds.

Conservative backbenchers suggest that the desire for

part in the forthcoming local and European elections, particularly in the Conservative strongholds in the south of England. However, in the case of the Channel Tunnel, the consortium argues that it has gone to great lengths to minimise the impact on the environment. In building the Folkestone terminal the construction companies transplanted a 12acre of woodland called Biggin's Wood, the size of Heathrow's Terminal 4, to a site nearby when it was clear that

the trees were at risk. Environmentalists have also welcomed some features of the railway route that has eventually been chosen. It avoids the marshes near the estuaries of the Thames and Medway, which are rich in wildlife, particularly migratory birds.

They have also supported the decision to lay much of the new track alongside existing road and rail routes, thus minimising the impact on previously unspoiled countryside. But some campaigners are disappointed that more of the lines are not buried in tunnels, and accuse the government of underfunding the project.

Mr Robert Baxter, chairman of the transport group in the Kent branch of the Council for the Protection of Rural England, says that part of the line will pass through sensitive downland on either side of the Medway river, and ancient woodland near Cobham.

Local pressure groups are also concerned about development, as yet unplanned, which will be precipitated by the tunnel. In particular, the mooted construction of another passenger station in Kent "will mean large amounts of carparks and infrastructure", Mr Baxter says. "Those will bring more commuters into Kent and increase the pressure on its

environment. Environmentalists also point out that the rail lines may have difficulty in carrying large volumes of freight because the gradients on several stretches are steep. Freight trains may need two ocomotives to overcome the gradient, they suggest. Freight traffic, they fear, may continue

increasing air pollution. Further concern about the tunnel's impact centres around

the problem of disposing of the spoil from the tunnel borings. The solution has been to deposit the rock and sand at the foot of the White Cliffs of Dover. A platform, reinforced with concrete, has been built from the waste, extending 1km along the cliffs and a third of a kilometre out to sea. The top of the platform has been made

into a picnic area. However local conservationists have been concerned that the platforms, which are about a quarter of the height of the cliffs, spoil the view of Shake-speare Cliff which was named after a scene in Kino Lear. They also fear that the plat-

form could alter tidal flows and affect the wildlife on the site of special scientific interest at the head of the cliffs. Despite these concerns. many environmentalists acknowledge that the impact of the tunnel is considerably less

than was first feared. The Great Escape Theatre Company, 071 485 5431. Cas-settes available.

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Profile: GEORGES-CHRISTIAN CHAZOT

Mission: start making money



■ Interview: Pierre Mauroy on the wooing of Mrs T

It had to be 'oui'

been a baptism of fire for Mr Georges-Christian Chazot, Eurotunnel's chief executive. Appointed in January to turn a large construction project into a profitable transport undertaking, he has been faced with a succession of postponements to the start of ercial operations.

were be taken out of the Brit-

ish end of the tunnel alone to

be deposited into lagoons at

the base of Shakespeare Cliff,

between Folkestone and Dover.

The spoil contained within a

purpose-built sea wall added 73

In total more than 20m

tonnes of spoil were removed

from the tunnels along a nar-

row gauge construction rail-

way totalling more than

300km. At the same time as

spoil was being removed, con-

crete linings and equipment

were being brought into the

The biggest problem facing

contractors was that work was

taking place before detailed

designs for many parts of the

project could be completed. It

was not until plans started to

emerge for the trains and

transport system that it

became apparent that a cooling

system, which had not been

included in the original pro-

posal, would need to be

tunnels.

acres to Britain's land mass.

As passenger and freight services on both tunnel shuttles and the long-distance through trains come on stream, revenues will start to flow but up to £100m of fares have been lost

Steering the £10bn project into profitability represents an enormous challenge. Covering interest charges alone will cost about £650m a year and the success of the whole venture depends on Eurotunnel both appealing to existing travellers and persuading new ones to cross the Channel.

At the time of Mr Chazot's appointment Eurotunnel said it did not want him to be overthe past but inevitably they have cast a long shadow The move to Eurotunnel rep-

long experience of both industry and the service sector, was little known outside his native France. Nevertheless, Mr Chazot's career in international companies makes him well suited to handle the challenges facing Eurotumel, co one French hanker.

Educated at the Ecole Polytechnique in Paris and at the University of Florida, Mr Chazot acquired a degree in elec-

Since being appointed in January he has faced a series of delays in the start of commercial operations

trical engineering and a

diploma in marketing. He then spent 14 years each at Schlumberger, the internanal engineering group, and CGE (now Alcatel Alsthom). the telecommunications company. Although both are large industrial concerns, Mr Chazot counts as one of his achievements the transformation of Saft, Alcatel's battery subsidiary, from a company with "a culture of high-tech arrogance

links to northern Europe as a

vital means of giving the

region new life. Unemploy-

ment, around 12 per cent in

Lille, is however a black spot. He points out that the region's

of 56 per cent against the Maas-tricht treaty in the referendum

in September 1992. "The region

is European. But the people are

starting to lose hope."
"There is a link between

the idea of Europe. If Europe is

able to offer them a perspective for improving their situation,

they are European. If unem-

ployment rises, and they see no way out, they become anti-

A great supporter of Euro-

pean economic and monetary

union, Mr Mauroy says, "If developments in Europe con-

tinue as they have done during

the past few years, it will lose the support of its citizens." The

tunnel is Mr Mauroy's stron-

gest hope for keeping the peo-

ple of Lille on the main line to

Europe.

torate voted by a majority

Mr Chazot denies that he regards himself as particularly French. "My basic business education was in the US for the first three years of my business life," he says. Mr Chazot has not only had to cope with the problems of

commissioning the tunnel's stems and its rolling stock. He has also had to make a mark for himself in a post pre viously filled by Sir Alastair Morton. Sir Alastair it was who brought a project riven by conflicts between contractors and customer back on course. He has stayed on as co-chairman, alongside his Frenck

counterpart, Mr André Bén-ard, to resolve outstanding disputes and to prepare for the raising of another £1bn-£1.5bn of equity and loan finance. Professionally, Mr Chazot is

devoting his time to a project which may put some ferry operators out of business. At the very least the tunnel will capture a large part of the ferry's market share.

There is a certain irony therefore in the fact that Mr Chazot is a keen amateur sailor, though he has never sailed his 85-foot racing yacht, Eloisa, across the Channel. His present job has involved more journeys under the Channel

Charles Batchelor



Mr Pierre Mauroy, the mayor of Lille, is a man whose large unflappable features remain undented by his trouble-torn spell in 1981-83 as the first Socialist prime minister of France's Fifth Republic, writes

DAVID MARSH.
In his splendid office in Lille's belfryed town hall, Mr Mauroy recalls with considerasure his part in ensuring the tunnel's construction. "With coal, textiles and steel,

we were a traditional indus trial region, a subcontractor for the Paris region. I said you

need something to strike the imagination - above all to spur the service sector and create additional employment." He says he brought up the subject of the tunnel with Mrs

about it for the first time. We were at a Scottish castle, near the loch where the monster is found. She arrived early. She didn't want to be too disagree-Margaret Thatcher, then Britable. But she said, 'I'm not givish prime minister, at an Anglo-French meeting in 1982. ing you a penny.' I wanted to talk to her about the tunnel,

and she kept insisting on Britain's rebate [from the European Community budget]. But I pushed her: tunnel, tunnel, tunnel, tunnel." At the EC summit in Fontainebleau in 1985. Mr Mauroy says proudly, We came to agreement. Mr Mauroy sees Lille's new

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international profile as an authority on the assessment and development of high integrity/safety critical systems.

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he opening of the Channel Tunnel and a fixed rail link between Britain and the Continent will provide a welcome boost for the European Union's transport policy. Previously fragmented pro-

grammes were brought together in a white paper published in 1992 which set out proposals to promote the use of rail and sea and canal shipping transport and to rein in the rapid growth of road and air

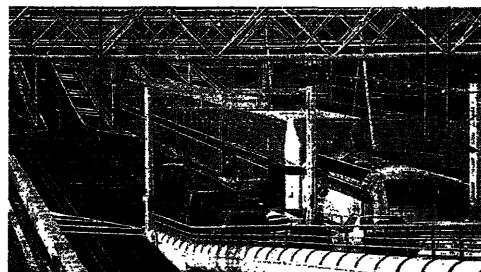
In physical terms the Channel tunnel represents a further link in the transport chain which seeks to connect peripheral regions with the centre and reduce geographical barriers to travel

Elsewhere in Europe road and rail links are being estab-lished between Denmark and Sweden, additional rail tunnels are planned to link northern southern Europe through the Swiss Alps and Spain and France through the Pyrenees. After many years during which planning for road, rail, air and sea transport took place in isolation, the European Commission produced its outline of a common transport policy in December 1992. The creation of the single European market on January 1, 1993 had given additional impetus to the

One of the main problems it sought to overcome was the imbalance between the different means of transport. The rapid growth of road transport, in particular, had led to a decline in the use of other networks, notably rail, increasing congestion and damage to the environment

Passenger travel within the EU has risen by 85 per cent over the past 20 years, mostly in the form of private car journeys, which account for 79 per cent of all travel. Freight shipments have increased by half but road transport now accounts for 70 per cent of goods transported while rail and inland waterway transport have declined in relative

One way of encouraging the



Charles Batchelor looks at Europe's changing map

The periphery draws nearer to the centre

use of rail, particularly for freight purposes, is to encourage the development of integrated transport systems so that goods can be moved by road for part of the journey and then transferred to rail, ship or barge for the long-haul section of the route. This requires investment in special rail wagons to carry trucks and trailers and in terminals for handling the transhipment of containers and the like.

Speeding up journeys can also make rail attractive to both passengers and freight. High-speed trains running on dedicated or upgraded tracks are reducing inter-city times for business and leisure travellers while improved track and handling facilities can speed up freight shipments.

At the same time the commission is keen for travellers to bear the full cost of their journey through the use of road tolls and the harmonisation of duties on the different types of fuel. Car travellers are rarely made aware of the cos of their journey at the point of use while rail travellers are very aware of the price of their

The International Union of

Two fast Alpine rail tunnels are planned to tink Basle with Milan

Railways (UIC), which groups railway organisations from around the world, believes that the active promotion of rail transport and substantial investments to modernise the network would result in a althier transport balance. It believes the growth in rail travel in western Europe could increase to 3 per cent a year compared with a 1 per cent rise in road transport and a 4 per cent rise in air traffic. If nothing is done rail trave growth would remain stuck at

I per cent a year while road transport would grow by just over 2 per cent and air by 6 per cent, a recent report by the UIC's strategic planning committee calculated. Switzerland, which is not a

member of the EU, has increased the pressure for a shift towards rail freight. A referendum last March produced a vote in favour of a complete ban on transit lorry traffic through the Alps to take effect

This added urgency to plans already under consideration to build two new high-speed north-south rail lines through the Alps connecting Basle with Milan. Two new tunnels would be drilled at a low altitude so that trains would not have a steep gradient to climb and

Andrew Baxter studies the special rolling stock and who has built it

Europe wheels out its best

The supply of trains for the Channel Tunnel - locomotives, rolling stock, wagons for cars, coaches and freight - has been a remarkable pan-European effort, even if there have been plenty of and arguments along the track.

Technical challenges and the sheer scale of the project - and hence the size of the contracts - are partly to blame for timetables slipping.

On top of that, however, the contracts were awarded, and are on their way to completion, during a period of intense unheaval in the railway equipment industry, whose overcapacity problems are forcing it to consolidate across Europe.

In summary, the main contracts are as • Eurostar trains. Transmanche Super Train Group, led by GEC Alsthom, is building the 31 Eurostar trains for the

inter-capitals day service - London to Brussels and Paris - at approximately Eurostar trains beyond London. The same consortium is building seven slightly shorter Eurostar trains for the daytime

ter to Paris and Brussels. European night services. Metro-Cammell in Birmingham, which is part of GEC Alsthom, is building the 139 units of rolling stock for these services, which will go from Glasgow, Plymouth and Swansea to Paris or Brussels, and from London to

Amsterdam, Dortmund or Frankfurt. Nine of the 46 Class 92 locomotives being built by Brush Traction, part of BTR, for British Rail and SNCF, the French railways, will be used to haul these services, at least as far as Calais.

 Freight services. The remaining 37 Class 92s will be used by BR's Rail Freight Distribution, and SNCF's freight service, to carry freight through the tunnel and beyond. Arbel Fauvet Rail, based at Douai in northern France, is building low-platform intermodal wagons - which can carry freight in containers and "swapbodies" - and fully-enclosed wagons for shipping new cars.

Le Shuttle. Thirty-eight locomotives for

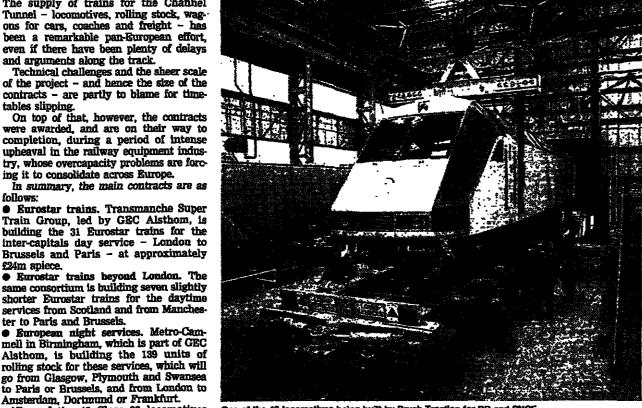
The contracts are on their way to completion in spite of upheaval in the railway equipment industry

the cross-Channel car, coach and truck service are being built by Brush Traction in Loughborough and Asea Brown Boveri, the Swiss-Swedish engineering group.

ESC Wagons, a consortium created by Bombardier of Canada and its subsidiary Bombardier Eurorail, is responsible for building 254 double- and single-deck wagons for Le Shuttle. The single-deck vehicle carriers were assembled at BN in Bruges and the double-deckers at ANF-industrie at Valenciennes, France. The manufacture of 19 single-deck loaders, included in the total of 254 wagons, was subcontracted to Fiat Ferroviaria in Turin.

The Italian company, in consortium with Breda Construzioni Ferroviare, also won the contract for the design and construction of 270 wagons to carry heavy goods vehicles and their crews.

The delays and controversy have centred on Le Shuttle railcars and Eurostar trains. In December, Bombardier said it expected to make a loss on its C\$820m contract to supply railcars, signed in 1989, and said a C\$450m cost overrun was almost entirely due to design changes imposed by French and British government safety inspectors.



One of the 46 locomotives being built by Brush Traction for BR and SNCF

ESC is to receive FFr700m in phased payments while Bombardier will receive up to 25m Eurotunnel shares in settlement of its claim against Transmanche Link. the main contractor for the tunnel, for costs arising from changes in the rolling stock design. So far, at least 202 wagons have been delivered and the order is expected to be completed this year.

The Bombardier order had been awarded in July 1989 by TML after an international call for tenders, but the genesis of the Eurostar trains was rather different.

Because of the technical challenges the need for the train to run on all three networks and cope with different power and signalling systems - and the many special safety features, "we did not want everything new - we were looking for proven high-speed train technology," says Mr Malcolm Southgate, deputy managing director of European Passenger Services.

In the mid to late 1980s, the only European contender was therefore Alsthom later to become GEC Alsthom - which has built the French TGV trains. The German ICE trains had yet to start operating, and as the UK, French and Belgian governments all wanted some manufacturing in their countries, the Japanese Shinkansen trains did not appear to get a look in.

The original date for delivery of at least the first Eurostar trains was May 1993, in line with the tunnel's scheduled opening. Safety requirements, in particular the need for fire protection including a 30-minute inbuilt resistance to fire to protect passengers - generated a lot of detailed

design work, but did not hold work up,

says Mr Southgate. Instead, he lists a number of reasons why the initial Eurostar "Discovery Programme" service is due to start only in July, building up to hourly services in the autumn. The first was the choice of power drives. The French TGV trains had used so-called synchronous power drives, but GEC had developed asynchronous drives which were seen as a better bet for the Eurostar trains because they are lighter.

The maximum load on each axle allowed by SNCF is 17.5 tonnes, and the Eurostan trains have to carry power equipment for three networks too. But developing the asynchronous power drives for the trains took longer than was originally foreseen, says Mr Southgate. There were also arguments for two years

on what sort of signalling system to use. A cab-based, rather than line-side signalling was necessary for safety reasons - drivers would not have enough time to react to lineside signals. Eventually a French system was chosen from a number available on the continent, and adapted to deal with the variety of trains using the tunnel

A more sensitive reason for the delays revolves around the method of manufacture. Mr Southgate says the decision to build different parts of the trains at plants in the UK, France and Belgium caused big logistical problems, which took some time to be recognised.

It may also be relevant that the early stages of the contract came very soon after the creation of GEC Alsthom from the merger of GEC and Alsthom's power engineering and transportation equipment interests. The difficulties in merging a UK and a French company loomed large in the early days of GEC Alsthom.

In the past few months, what is hoped will be the final problem has emerged. A complex monitoring unit designed to prevent the electrical currents generated by the train itself from interfering with the signalling was activated by the frequent gaps in the third, conducting rail on the UK leg of the Eurostar train's journey. The solution, replacing about 3,000 track circuits between London and the Channel

Tunnel, is now underway. The good news, however, is that deliveries of trains have kept pace with the revised deadlines, and delivery of the final capital cities trains is now scheduled for early 1995. Mr Southgate believes the capital cities service will be up to full steam. at least for a winter service, by January or February next year.

could maintain speeds of up to

This is a network of or four-lane dual carriageways, peripheral regions more closely 500,000 inhabitants and more

port. The EU plans to devote road building programmes.

The highly visible physical links between the different

125 miles an hour One line would go under the Gotthard pass, the most highly travelled transit route today. while the other would go through the Lotschberg south of Bern and continue on the existing rail tunnel under the Simplon pass. Work is expec ted to start in 1996 for comple tion in 2007. The Swiss believe that existing tunnels will be able to cope with traffic displaced by the lorry ban from

Despite attempts by the EU and neighbouring countries to shift traffic off the roads the transport white paper recognises the important role of an efficient road network. As part of its transport planning the EU has drawn up a blueprint for a Trans European Road Network (TERN) to be completed by 2002.

high-speed roads, motorways linking the main ports and cities of Europe and tying into the centre. Cities of would have external ring

The announcement of this programme has caused concern in parts of the UK where local communities fear that all roads on the TERN system will be upgraded to motorways, though this has been denied by the UK department of transadditional resources to creatmg this network but it will be expected to fit into national

An important gap in Euro-pean road and rail networks which will shortly be closed is the sea barrier between the islands of Denmark and between Denmark and Sweden. A combined tunnel-bridge taking both rail and road traffic between the Danish islands of Funen and Zealand is due to be completed within the next year or so while plans are also far advanced for a 10 mile-long crossing of the Oresund between Copenhagen and Malmo. The crossing, also a combined bridge/tunnel, could be completed by about 2000.

parts of Europe such as the Channel Tunnel and the Oresund crossing are finally being completed. But it will take far longer and cost even more to create a healthy balance between the established transport networks in Europe.

SECURITY

On guard against accidents and terror

The financial pressures on the tunnel to open on schedule have taken second place to the key commercial imperative of uring – to the maximum extent possible - that it cannot permanently be crippled by an accident or terrorist attack.

Among the numerous security staff, intelligence officers, police, fire brigade, ambulance, and army personnel on both sides of the Channel engaged in the project is Tony Blyth, a former British Rail operations manager who is the tunnel's safety director. "If we have a major accident, we are dead as a company," he says. Two other key people are Detective Superintendent Cliff Grieve, the UK head of ports

French and British police officers will have extraterritorial powers in

each others' countries

missaire Principal Marc Haem

of France's Police de l'Air et des Prontières. They share responsibility for security of the tunnel itself and of the shuttle terminals at Folkes-

tone and Coquelles. Together they claim to have developed a culture of transnational police cooperation to try and ensure, says Grieve, "that people on a daily basis do not escape justice through the

In aiming for maximum efficiency, Blyth, Grieve, and Haem have had to grapple with a complex mixture of private and government personnel, binational agreements and internal committees developed in the run-up to the opening of

The structure includes an **Anglo-French Safety Authority** set up for the tunnel project and the existing official safety watchdogs in both countries, the UK's Health and Safety Commission, and France's Inspecteur du Travail. The operation of safety and

the tunnel

security comes under the political umbrella of a lengthy protocol agreement. This was initialled at Sangatte by the UK and French governments in November 1991 and technically came into force in August last year.

The Sangatte Protocol takes its cue from the Schengen trans-European policing agreement, of which France but not the UK is a signatory. It thus represents a totally new experience for the British police who have tended to resist encroachment on to their territory by any of their European

The Protocol gives extraterritorial powers to British and French police officers in specially designated control zones at the international terminals in London and Paris, and in the shuttle terminals at Cheriton and Coquelles. The through trains are also control zones where both police forces

will have powers of arrest. Article 10 of the Protocol states: "The officers of the adjoining State shall, in exercise of their national powers. be permitted in the control zone situated in the host State to detain or arrest persons in accordance with the laws and regulations relating to frontier controls of the adjoining state

In spirit the Protocol, as defined in Article 5, aims to simplify and speed up the formalities which normal law abiding passengers either travelling by train or the Shuttle will have comply with when

or persons sought by the

authorities of the adjoining

using the tunnel. At the same time, it aims to harmonise security and safety arrangements so as to ensure that any emergency or threat is reacted to speedily and effectively without getting bogged down in disputes over

sovereignty. In the run-up to the opening of the tunnel, the application of the Protocol has been put through a trial run in joint exercises and interminable

The exercises have shown up failures in a number of areas including fire-fighting equipment and communications. The meetings have produced some stormy sessions in which British and French officials have argued over issues ranging from whether some dangerous goods vehicles should be allowed through the tunnel to the use by French police of small arms in and around

Waterloo station. Eurotunnel says the setbacks form part of the inevitable teething problems of any engineering project of such a size and complexity.

"We want to get it right before letting the general public in," insists Tony Blyth. On the policing side. Kent officers and their counterparts in and around Coquelles say

It will be up to Eurotunnel to ensure that mounting commercial competition does not lead to laxity

they have developed a good working relationship over a number of years.

But they are only cogs in the large security and judicial machinery which will be truly tested only when the tunnel is fully operational.

A recent risk assessment nmissioned by the London based Research Institute for the Study of Conflict and Terrorism concluded that the Channel Tunnel was probably the least vulnerable to major damage of any under-sea tunnel in the world.

However, several experts believe that the biggest threat to the tunnel stems from its being a prestige target for ter-

Much of the burden of responsibility will lie with Eurotunnel, however, in ensuring that the commercial pressures do not lead to greater laxity over security and safety checks.

Jimmy Bums

Maurice Samuelson recalls earlier attempts to burrow to France

Pioneers in the chalk

The first attempt to bore a tunnel under driven machine had originally been develthe English Channel was made in 1880, using a machine designed by Colonel Frederick Beaumont, a retired Royal Engineers officer with a wide experience in military tunneling.

His machine, operated by compressed air, had at its head two revolving arms fitted with 14 cutting blades. As the chalk was cut away it fell on to a conveyor belt to be loaded on to skips.

The tunnel, which was about 2.4m in diameter, started from an access shaft and reached 2km in length when the project was halted. A similar tunnel was started in France from near Sangatte. The work at Dover was stopped in 1883 when the Government obtained a High Court order to prohibit further activity.

In 1922, a trial bore 3 metres in diameter was made at Folkestone using a Whitaker machine. The steam-powered, electrically

oped by the Royal Engineers for mining under the German lines in the Great War. It was left on the site when boring ended and part of it has been recovered and restored for display at the Eurotunnel exhibition centre in Folkestone.

In 1974, work began on a much larger tunnelling system, similar in size and configuration to that used to complete the present tunnel. In the UK an access tunnel was made at Shakespeare cliff near Dover and a rail access tunnel bored to the level of the present rail tunnels.

Some 400m of service tunnel were bored before the work was abandoned in 1975. During these works the 1880 Beaumont tunnel and shaft were found to be in good condition. They have now been sealed off. However, the 1974 tunnelling at Shakespeare Cliff has been incorporated into the Eurotunnel system.



Kent workings in the 1880s. Picture: Hulton

□ A BASIC GUIDE TO THE SYSTEM AND HOW IT WORKS

Inter-City and coast to coast

The Eurotunnel system consists of three parallel tunnels: two single-track tunnels and a smaller service tunnel. They run for 38km under the

The rail tunnels will be used by Eurotunnel shuttle trains carrying road vehicles, and by ugh-trains operated by the British, French and Belgian national railways. The service tunnel, which is

linked to the rail tunnels by cross passages every 375 metres, will be used for maintenance and also for evacuation in case of emergency. There are two undersea

crossover caverns where the rail tunnels are brought together, making it possible for trains to cross from one track to the other. The crossovers divide the length of the rail tunnels into three equal sections, any of which can be closed off in an emergency or for maintenance.

The two rail tunnels were excavated 30 metres apart and no closer than 8 metres to the walls of the service tunnel. When it opens for business later this year:

• Eurotunnel will operate a rail shuttle service for passenger and road-freight vehicles on a rail loop between termi-nals at Folkestone and Calais; the national rail companies of Britain, France and Belglum - BR, SNCF and SNCB will operate through-train ser-

vices. High speed passenger services, using specially built Eurostar rolling stock, will link London with Paris, Brussels and beyond. Rail freight services will also serve UK regional centres.

In both Britain and France, vehicles will turn off the motorway directly on to the terminal approach roads. After passing the toll booths, frontier controls and security checks, they will be directed to an allocation area before boarding the shuttles.

travellers Most drivers and passen-

an hour. Motorcyclists will also travel in passenger vehicle shuttles, but will park their machines in a special section of the shuttle and travel in

less than 1.85m high will travel in double-deck carriages. Coaches and vehicles more than 1.85m high will travel in single-deck carriages. Eurotunnel describes the

separate passenger compart-

passenger vehicle shuttles as well-lit airconditioned and sound-proofed. During the ionrney each carriage will be divided off from the next by sliding fire shutters. Passenger access doors will allow free movement on either side

of these fire barriers and there

are toilet facilities in every

Cars will board the shuttle

through wide access doors in a

loading wagon at the rear of

each section, moving forward

through the carriages until

instructed to stop. On arrival

cars will leave the shuttle

through an unloading wagon

The service will operate day

and night throughout the

at the front of each section.

Vehicles will be put on the first available shuttle. Tickets may be bought at the toll or in advance but will not involve reservations for specific shuttle departures.

third wagon

Vehicles will pass through both French and British frontier controls before departure and there will be no further checks on arrival. Amenity buildings at both terminals will offer a range of services to

geers will remain with their vehicles during the shuttle journey, which will take about 35 minutes. The total transit time from motorway to motorway is expected to be just over

year. Tickets may be bought at the toll or in advance, but will not involve a reservation for a specific shuttle departure. When a vehicle arrives at the terminal it will be put on the first available shuttle.

In the early years, passenger vehicle shuttles will run at ments. Cars and other vehicles about 15 minute intervals during peak periods and 20 min-ute intervals during the day. The minimum service, at night, will be one passenger vehicle shuttle per hour.

Freight vehicles will be sep arated from cars before the toll booths and follow different routes through the frontier controls and security.

The shuttle wagons for freight vehicles are not air conditioned or sound proofed. Lorry drivers will travel in a special coach, the Club car, at the front of the shuttle, where refreshments are served.

Initially freight shuttles are to run up to three times an hour; the overall motorway to motorway transit time is expected to be about 80 minutes. In addition to the rolling motorway shuttle serivce, half the tunnel capacity has been leased to national railway companies who will operate conventional freight and pas-

senger through services. Passenger through trains will link London Waterloo with Paris Gare du Nord and Brussels Midi. Intermediate stations are at Lille and Fréthun near Calais and a third is planned at Ashford in Kent. Later there will be day and night "sleeper" services run-

ning beyond the three capitals. Maurice Samuelson

eral manager of Euralille. The project, which occupies nearly 70 hectares in the centre of Lille, is linked intimately with the Channel Tunnel as the city, in north eastern France, will be the first conti-

nental stop for rail passengers from England. Costing FFr5.3bn, it is the biggest construction development on the European continent - apart from the rebuilding of unified Berlin. It will ise a space-age station for the Eurostar TGV trains, a conference centre, office towers and residential blocks covering some 300,000 square

The Tunnel ally put Lille within two hours of London, and the

subsequent decision to build the northern with the local metro, bus and Europe TGV system means that Lille will eventually be only half an hour from Brussels, two hours from Amsterdam, and two hours ten minutes from Cologne. It is already only one hour from Paris.

A spin-off of all these TGV decisions, Euralille was only started in 1991, and since then has been a "projet à grande vitesse." Indeed, "if the tunnel had been on time, we would have been late," admits Mr Baietto. As it is, the year's delay has meant that Euralille

will be ready this month to receive its first Eurostar train,

even though regular service will only begin later. By chance Euralille was able

Lille will be the first continental stop for rail

> being linked tram systems. It will have two large office blocks, the Credit Lyonnais tower after the bank which is reinforcing its presence in Lille, and the Lilleurope tower. The new conference centre will be called the Lille-Grand Palais. There will also be a mixed leisure and residential centre to keep the area

Lille hopes for an economic rebirth, reports David Buchan

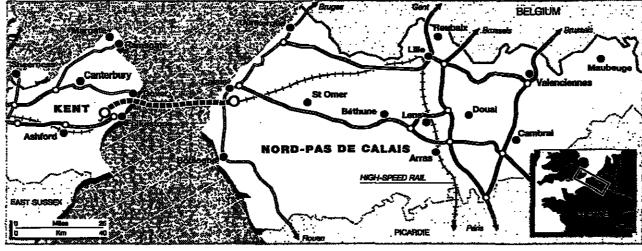
A French city blessed by geography

to take over 70 empty hectares in the city centre, which had belonged to the French army since the 17th century days, and to be able to draw lessons from other projects - "we have tried to learn both from the Docklands' lack of transport connections and from La Défense in Paris which is busy with office workers during the

day, but dead a Euralille Euralille's passengers from the UK TCV station is

alive outside working hours.

With the frequency of TGVs - up to 100 a day by 1996 - it should provide a very convenient base for anyone with constant travel around north-



ern Europe, such as lawyers, bankers, logistics specialists," says Mr Baletto. He has been visited by the mayors of Ashford and Dartford in Kent keen to learn how Lille is capitalis-

ing on the TGV. The Tunnel is helping the Lille region to shed its image as a grimy 19th mining and textiles centre. That is how it is seen by Mr Bruno Bonduelle, head of the world's largest veg-etable canning business and president of the city's APIM long time, Lille seemed a cul-de-sac, with everything region has been winning French and foreign investcentralised on Paris. Now it is re-finding itself as a centre of

Mr Philip Ulyett, head of the Lille British Chamber of Comtrade between the north and outh of Europe, the role it had in the Middle Ages," he says. Within a 250 km radius of merce, says there is a great questionmark over how rapidly Lille, "you have nearly 80m of the Tunnel traffic will develop. the richest people on earth," says Mr Bonduelle. His total But there are still sound commercial reasons why nearly 250 includes 20m people in Greater UK companies have set up, or London, 15m in the Paris bought into, the region, be region, 20m Belgians and says. Mr Michel Maton of the Dutch and 20m Germans in the Nord-Pas de Calais develop-Ruhr. They, rather than the ment agency makes the same noint - "a transport axis is an Tunnel alone, are the reason why the Nord-Pas de Calais opportunity but not a guaran-

tee of jobs and investment necessary but not sufficient condition." But the region's strategic position, combined with French labour costs (pay plus social charges) that are 15-20 per cent lower than in Germany, Belgium or the Netherlands, have drawn foreign firms in; even lower labour costs in Britain are off-

set, for some industries, by the

fact that nuclear-generated

electricity ischeaper in

France. Recent arrivals include the US-Japanese joint venture of

Gravelines; Hāagan-Dazs ice cream (now owned by Grand Met of the UK) at Arras; Ingram Micro (a US computer maker) in Lille, Worthington-Armstrong, makers of metal grids at Valenciennes: Pittsburgh Plate Glass near Douai; and Coca-Cola at Dunkerque. A new enticement is a 22 per cent tax break for investments on sites totalling 600 hectares in the Valenciennes, Maubege, Cambrai and Bethune areas.

Because of the region's good communicahome to 75 per The Tunnel is helping the Tesco supergrimy industrial image France's mail order business.

a trend started by local textile companies but now spread to many sectors. The area also includes Eurotéléport, a new satellite-based telecoms operation in Roubaix. Financed partly with European Union money as a step towards liberalising the EU's telecommunications, Eurotéléport enables French companies to bypass France Telécom's existing monopoly when communicating with their subsidiaries, firstly inside France and eventually abroad.

The nearer a company is to the Tunnel, the more it can

benefit. For example, TIM. belonging to the German group of Fritz Meier, exports 30-35 per cent of the tractor cabins it makes at Dunkerque to the UK. "This works alright," says Mr Régis Verhaege, Tim's finance director, "but using the Tunnel will mean we won't be delayed by storms or the dockers' strikes which are more frequent on the French side." The greatest economic

impact will be felt at Calais. At the French end of the Tunnel. Eurotunnel has set aside 100 hectares for its Cité de l'Europe. Some 90,000 square metres - nearly a third of the total development - will be a commercial centre, ready by next March and to be manag by Espace-Expansion which runs the Forum des Halles in Paris. With

Carrefour and Lille region to shed its markets, shops such as Toys 'R US and a Gau-

complex, "the idea is that the Cité de l'Europe will draw in tourists who can then go on trips to the Côte d'Opal, from Le Touquet to Dunkerque, says Mr Georges Saury, Eurotunnel's development director. As for jobs, Eurotunnel already has 1,400 employees on the French side, with another 600 jobs in various forms of subcontract work, and a further 400 jobs for French police, customs and firemen. If the Cité de l'Europe realises Mr

Saury's hopes, it will employ

A financ

some 1,500 people.

Belgium looks for economic spin-offs

Big potential benefits

The official opening of the Channel Tunnel later this year promises to help revitalise the north-west regions of Belgium, even though the country's biggest ports will suffer a loss of traffic.

The chambers of commerce in Veurne and Courtrai, along with the West Flanders Regional Development Authority in Bruges, are gearing up to become part of what they refer to as the "new European Metropolitan Area.

This takes in the Nord-Pas de Calais in France, Western Flanders and Hainaut in Belgium, and Kent in the UK.

The potential for this region is enormous. According to Mr Anthony Vande Candelare, an urban planner who made a study of the influence of the Channel Tunnel on the west of Belgium and the North of France: "Overnight, the Belgian coast and the North of France will become the centre of Europe.

Mr Jo Libeer, managing director of the Courtrai chamber of commerce, is equally optimistic about the likely impact on the area of the tun-

"With the TGV and the chunnel this region, which was sort of in the corner of Rurone. will now be in the middle of a new developing area," he says. This is no bad thing for Bel-

gium. In its last economic survey of the country, the Organisation for Economic Co-operation and Development said the Belgian economy had deteriorated "progressively" since the 1980s. "And over the last 10 to 12 months it has taken a distinct turn for the

Furthermore, Flanders, the area most likely to benefit from the arrival of the tunnel, has recently suffered more rapid increases in unemployment than in Wallonia and the Brussels region. The unemployment rate, which in 1990 was 9.5 per cent in Flanders has risen to 13 per cent.

regions most directly affected believe there are two main areas for development: firstly, increasing traffic through western Flanders as holidaymakers and freight carriers head towards the tunnel-opening in Calais; and secondly tourism. To benefit fully, however, a crucial 7km stretch of the E40 European motorway between Veurne and the

Flanders, in particular, may gain a much-needed economic boost

French border has yet to be

Once this is done it will be possible to drive from Russia to England without leaving a motorway, says Mr Philippe Claerhout, chairman of the Veume chamber of commerce and industry. Fortunately, plans to complete the stretch have been agreed and it should be open some time next year. On the downside, the Westhoek region is badly placed to

benefit from rail transport. Even after the doubling of the tracks and electrification of the railway line between Ghent and De Panne, we will still be a remote corner." says Mr Claer-

Furthermore, Belgium's biggest ports are experies loads to fall, as freight and passt ports are expecting traffic sengers are directed towards Calais. Worst affected will be Ostend and Zeebrugge, two ports hoping to hold their own by concentrating on links with ports in the north of England.

Nonetheless, the improved, if cations of the West Flanders region are apparently paying off. Mr Geert Sanders, who works for the Regional Development Authority of West Flanders, says there is already evidence that the region's enhanced communications are attracting new businesses. For example, Baronie, a Dutch

The Belgian chambers in the chocolate company, is opening a new base in the southern part of West Flanders.

There is, however, a danger that Belgium will not make the most of the commercial opportunities - "we will try to attract new industry, but our region is very small and our dustrial zones are full," says Mr Ludo Verstraete, of the Veurne chamber of commerce. The Relgian authorities have dragged their feet over decisions to dedicate new areas, he

The other main focus for development is tourism. As Mr Claerhout says: "We need to convince people from other countries that it is worth their while to stop in Westhoek at the time of their journey through the North of Europe to

The potential is there. West Flanders is home to some of the best-known World War One battlefields, and promoters of the region insist that its large, open green spaces will, when properly developed, attract foreign visitors. But once again, there is a danger that Belgium will miss out. It has been slower to develop the tourist potential of the Channel Tun-

el than France. Around Calais, a commercial and leisure centre, hotels and activity parks, known as "La Cité de L'Europe", are spring-ing up while Lille is home to Euralille, a similar development. As Mr Verstraete of the Veurne chamber of commerce says: "Tourism is very important ... we really have to develop our hotels and tourist

infrastructure." But the biggest advantages for Belgium will come from close co-operation between the national and federal authorities and their French and UK counterparts. In a Europe without frontiers, this will be the most effective way of benefiting from the the Channel Tun-

■he Channel ports owe a vote of thanks to a legendary British Lions rugby captain. Asked many years ago how he would combat a frighteningly tough South African team, he said: Simple. We will get our retaliation in first."

Every ferry operator and harbour owner threatened with losing business to the Channel Tunnel has taken this philosophy to heart.

Millions of pounds have been invested in new or upgraded terminals and ships, and costs are being cut to the bone, mainly through staff lay-offs. Passengers and freight hauliers are aiready feeling the benefit of cheaper faster services. EuroTunnel can, therefore, see the scale of competition even before services are properly under way.

"But no-one knows who will win the battle," says John Gutteridge of the Freight Transport Association. "Timesaving will be unimportant to long-distance hauliers. Everything depends on services and costs, and we are still not certain how they will pan out."

Opening delays have helped the ports immeasurably. They all planned retaliation to strike last year, when the tunnel was due to open. Further postponement has provided extra time to fine-tune the

Dover, which overshadows every other port for passenger traffic, may have the most to lose. It has already lost 4,000 jobs as ferry-related employment crashed to 8.000 in four

But that is due to greater efficiency, says Keith Southey at the Dover Harbour Board -"we are handling more passen gers and freight with fewer eople," he says. Throughput has risen from

14.4m passengers and 858,000 lorries in 1986 when the tunnel was given the go-ahead to 18.5m and more than 1.1m respectively last year. This comes partly from natural growth but also in response to investment averaging £1m a month, including a new £11.5m ferry berth.

The board, which collects Emma Tucker around 85p for each passenger, has cut charges to shippers by Ferries launch an all-out war for passengers

It's that D-Day spirit

25 per cent in real terms over the last three years through increasing efficiency and economies. But a strong attack has also been made on Euro-Tunnel's offer of a faster trip. P&O European Ferries has computerised its check-in to whisk people through in 20 minutes. This helped the group to a fourth consecutive record year in 1993, shipping 8m passengers and more than 250,000 lorries.

Stena Sealink, which carried 6m passengers and 312,000 lorries last year, has increased the number of sailings and simplified fares. But both companies are banking more on quality than price and speed to compete with the tunnel. P&O has invested more than 400m in ships and training while Stena has put 250m into four new ferries. They are aiming to attract passengers with boutiques, restaurants and comfort in both terminals and on board, claiming the crossing will be a welcome break for

Real competition to Euro-Tunnel, however, seems likely to come from a merger of eastern Channel operators. Dover risks crippling loss of ferries unless the big operators combine, says PA Cambridge Economic Consultants in a review of the Kent Impact Study, commissioned to assess the effect of the tunnel. But the Monopolies and Mergers Commiss has put everything on the back-burner until it sees what

happens to traffic patterns. Meanwhile, Folkestone is fighting its own battle for survival. Too small for the new super-ferries, it lost 700 jobs when services were cut and faced destruction in the crossfire between Dover and the

ea Containers, the har-Sour owner, is fighting Eurotunnel with its own weapons – speed and price. Around £1m has gone into facilities such as shopping and fast check-in services, while the Seacat service to Boulogue will offer extra sailings and greater canacity on each ves-

per cent of the short-haul market after carrying 2m passens last year, is guaranteeing that fares will be 10 per cent below any to Calais.

Newhaven, another Sea Containers port, is in the longerhaul market via the Stena

find help from the other side of the Channel through European Union grants to help

Sally Lines has a slightly different line of attack. Its four-hour services between Ramsgate, Dunkerque and Ostend are promoted as a leisurely break for weary passengers. And in a pre-emptive strike to double last year's 2m passengers, the group has stepped in to replace P&O in partnership with Ostend Lines.

Competition for potential tunnel traffic extends to the west as well. Operators at Portsmouth and Poole, for instance, are making great play about access to the boliday hotspots of north-western France, and freight markets in the Iberian peninsula.

"Going on holiday through the tunnel would be like a French visitor travelling via Middlesbrough to Cornwall," according to Ian Carruthers, managing director of Brittany Ferries. He has a rich market to protect. Since 1985 motorised tourist traffic west of Le Havre has grown by 15.5 per cent a year compared with 10.6 per cent on the short crossings. The company claims

to have tightened its grip on this area, claiming almost balf the passenger and freight traffic west of Dover.

But it is not relying merely on geographical logic to ward off the tunnel influence. Some £350m has gone into new ships over the last five years and a ninth route, between Poole and St Malo, opens this month. Southampton is remarkably sanguine about the tunnel. Overall, it could be potentially beneficial," says Patrick Bowyer, the port's marketing

таладег. The owner. Associated British Ports, has invested heavily to maintain a huge lead in freight, although it will not reveal details. Some 30m tonnes flowed through the docks last year, far ahead of any other UK Channel port and a big buffer against any leakage to the tunnel.

But a residual bitterness remains over the flight of ferry companies to Portsmouth. Stena has returned with a Cherbourg service, pushing passenger figures to more than 480,000 last year compared with 145,000 in

Around 150m cross-Channel ssengers a year are expected within a decade compared with less than 65m in 1990. Freight traffic is likely to grow even faster. Few will pre-dict today how this growing pie will be split.

its spin-off effects for the rest

Outside the affluent corridor

occupied by Canterbury, with

its tourism and retailing

strengths, Maidstone, the coun-

ty's administrative centre, and

Ashford, the impact of the tun-nel remains problematic, cer-

tainly in the next year or two.

The 1991 impact study

suggested that new employ-

ment opportunities would be

generated from 1996, including

in areas like east Kent, and

that these would be enhanced

by the construction of the

international rail link by the

of east Kent.

David Lawson

Regions: Kent waits in hope and foreboding, writes Richard Evans

Many unanswered queries

opening and full operation of the tunnel with a curious mix of fear and hope, foreboding

The contrasting views come from different parts of the county and are based on the varying impact the project will have on local jobs and eco-

The days when the opening of the tunnel was regarded locally as an automatic boost to jobs and a panacea for many of the county's problems have long disappeared. The last few years have been too painful, particularly in north and east Kent, and too many unan-

In 1987, the first estimates of the Kent Impact Study suggested that an additional 9,600 to 12,900 jobs might be created by the tunnel and its related infrastructure, but following the impact of reco this was revised sharply down in 1991 to 2,000.

swered questions were raised during the tunnel's construc-

There were several contributory reasons for this dramatic decline apart from the reces sion, including much greater job losses than expected among the ferry operators at Dover, Folkestone and Ramsgate, and among customs officers and freight forwarding agents following the introduction of the European single market.

Even these modest benefits are likely to be concentrated of specific areas such as Ashford and not on more peripheral areas of north and east Kent like Swale (Sheppey and Sittingbourne) and Thanet (Margate and Broadstairs), where additional employment is most needed. There remains a view that the tunnel could create a corridor of affluence from the coast to London, leaving the remaining areas out in the

also meant that few developments have been made before the opening. It was only when the initial breakthrough of the service tunnel was achieved in December, 1990, that completion became accepted as certain, but economic circumstances then delayed many of

the necessary infrastructure

improvements. The three areas with a good supply of development sites are Dartford, Maidstone/Mailing and Ashford. These straddle the main tunnel transport corridor and are potentially the most attractive locations for

Ashford an historic market town, has been earmarked as a growth centre and a great deal of infrastructure including new roads and business parks has been put in place, but even the situation remains

frustratingly slow. Potential inward investors bave been reluctant to commit themselves until a decision is reached by the government and British Rail on the line of the fast rail link serving the tunnel. There are three possible routes at Ashford under

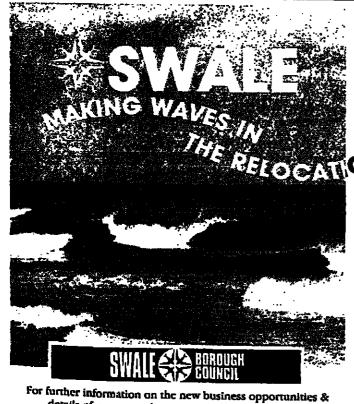
discussion, central and southern ones that would go through the £50m international passenger station under construction in the town centre and a northerly one that would bypass it. Choice of the northerly route

parallel to the M20 motorway vould be a big economic blow according to local civic leaders as it would mean fewer trains would stop at the station. A decision is imminent and the outcome is regarded as crucial to the full development of Ashford as a growth centre with

turn of the century. In the meantime, the most deprived parts of east and north Kent have banded together to form the east Kent initiative to push for help. The first key objective was achieved last year with the granting of assisted area status and the acknowledgment by government of the area's problems. Aid from both Whitehall and from Brussels, particularly for Thanet which has full development area status, should ensure that training and infrastructure grants are forthcoming to attract more inward investment

Hardest hit of all by the completion of the tunnel has been Dover, by far the biggest crosschannel ferry port. The combination of the tunnel and the single European market has led to the loss of around 6,000 jobs in the district.

There is an assumption that when the tunnel is fully operational it might attract up to 50 per cent of the tourist car business and perhaps 25 per cent of the freight business. Nevertheless, ferry operators and the Dover harbour authorities remain bullish about long term prospects, but they admit that the ferries will have to continue to slim down in order to remain fully competitive.



details of our own relocation grant scheme, contact:

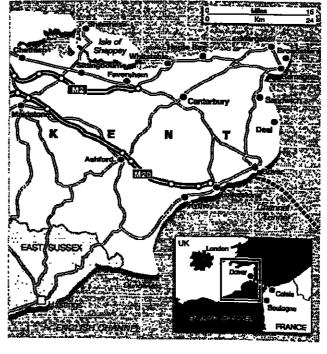
In the new wave of Assisted areas, Swale is the nearest to London - just 40 miles. It has one of the largest deep water ports in the UK - Sheerness, with a twice daily Ro-Ro/Liner Class Superferry service to the Netherlands and available industrial units, development sites, office and hi-tech research facilities.

BUSINESS... Swale's business community. based in Sittingbourne, Sheerness (Isle of Sheppey) and Faversham, is well-connected to both Europe and the UK with a wealth of manufacturing experience. The Borough has all the attractive benefits of a semirural area and Kent's only blue flag beach.



Peter Jolley or Brenda Chester ECONOMIC DEVELOPMENT UNIT Swale Borough Council

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The search for loans for the project is an unfinished struggle, reports Robert Peston

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Service of a

Japanese banks have contributed more of Eurotunnel's loan finance - some 23 per cent - than those from any other country. But on a famous occasion in the summer of 1990. Eurotunnel was kept out of receivership by the intervention of the former British Prime Minister, Margaret sale involving public offers in the UK and Thatcher, when she wrote a letter - France and placings elsewhere. famous in Eurotunnel as the "handhag letter" - to the then Japanese premier, Mr Toshiki Kaifu, urging him to persuade Japanese banks not to block a much needed injection of new bank loans. In the past two weeks, Eurotunnel and its bank advisers have been won- .

dering whether they Japanese banks have contributed fell on Eurotunnel might need the per-suastve powers of the biggest slice of Eurotunnel's Eurotunnel needed Mrs Thatcher's suc- loan finance - some 23 per cent to enlarge its bankcessor in their

attempt to raise £1.3bn of new debt and If the company succeeds, it will have raised more than £10bn in loans and equity since it was created in 1986, far more than has ever been raised by any other private sector infrastructure project. Funds started to disappear into the black hole under the channel in September 1986, when £46m of seedcorn equity was provided by five banks - Banque Nationale de Paris, Crédit Lyonnais, Banque Indosuez, National Westminster and Midland - and the Transmanche Link Anglo-French construction consortium. The following month, a further £206m

came from a placing of new shares with

Japan plays biggest financial role year, when a £5bn loan facility was raised

from more than 200 international banks and £770m in equity came from a share

However, not long after the money was raised, the company became aware that construction costs were spiralling out of control - and that the construction contract was far too kind to TML, the contractors. Under the contract, the lion's share

of the cost increases ing facilities and raise additional equity. But the banks

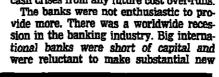
would not even let it continue drawing on the original £5bn facility without a renegotiation of the TML contract, to ensure a more equable distribution of the cost overruns between the company and its con-The new contract with TML was finally signed on February 22, 1990, only hours

before the receivers would have needed to be called in. But though Eurotunnel was given permission by its banks to continue drawing on its loan facilities, its financial problems were only just beginning. Its estimate of the construction costs it had to carry - as opposed to those faced

investment institutions. But the big fund-raising exercise was in the the following tral overheads, it now estimated it needed to be banks were not enthusiastic to pro-

till they started to break even.

£7.6bn in cash resources to finish the tunnel and operate shuttle and train services However, it only had £6bn in loans and





Anglo-French agreement on the tunnel in 1987: former British prime minister Mrs Margaret Thatcher welcomed by French President François Mitterrand at the Elysée Palace

equity. So it spent most of 1990, trying to persuade banks to provide £2bn of addi-tional facilities, prior to obtaining £566m from a rights issue. Though this appeared to be more than it needed, the company wanted a cushion to prevent any further

loans to any customer, however strong and Eurotunnel was not at the time an unblemished credit. Eurotunnel had by that time only drawn around a fifth of the £5bn original facility. So some banks argued that if it was put into receivership

On the other hand, they argued that the losses could be huge if Eurotunnel was allowed to continue drawing on this original facility and was also given £2bn more but subsequently ran into further difficul-

in the face of such hostility, the group's four leading or agent banks - National Westminster and Midland of the UK, Crédit Lyonnais and Banque Nationale de Paris of France - agreed to try to raise the

money from the syndicate. In mid-August, perbeen fixed so that

issue could go ahead in the autumn, 93 banks were still declining to provide their share of the new

Most reluctant were the Japanese banks. some of which had backed Eurotunnel in the mistaken belief that the British and French government would bail it out if it ran into difficulties.

the crucial rights

However, after Mrs Thatcher's letter to Mr Kaifu, the Japanese Ministry of Finance summoned the main Japanese bank lenders to a meeting. In the end, they agreed to provide their share of the new

The final amount of the increase in the facility was £1.8bn, or £200m less than Eurotunnel wanted. But the company secured a further £300m loan from the European Investment Bank.

However, since then Eurotunnel's need for capital has increased yet again. Part of the reason is that construction costs have risen even more. But the requirement for new loans and equity stems mainly from the delays in the opening schedule and the slow build-up of passenger services which means that Eurotunnel will start to generate revenues far later than it originally hoped.

It is now trying to persuade its banks to provide around £650m from a new class of senior bank debt, prior to a £650m rights issue in late May.

The new debt would rank ahead of the existing bank loans in a winding up. It is also scheduled to be repaid in approximately 10 years, compared with the 2010 repayment date of the existing debt.

But unlike the 1990

ilously close to a The need for new loans and equity refinancing, the com-deadline which had stems mainly from the delays in the coering schedule the opening schedule able to persuade all

its banks to contrib ute to the new loan. In particular, it is not expecting the Japanese banks to partici-pate fully in the new loan. Banks' participation in the new credit line will be at

it to go ahead.

Nonetheless, Eurotunnel needs the Japanese banks to vote in favour of the reconstruction proposal, because 90 per cent approval of bank creditors is required for

their discretion and not a fixed proportion

of their existing exposure, as was the case

Bankers say that some banks - including the Japanese - may be reluctant to back the plan, since their existing debt would be placed second in the creditors' rankings by the issue of new senior debt.

Profile: Graham Corbett, Eurotunnel's finance director

by TML - had increased 46 per cent since

A financial bed of nails

Joining Eurotunnel in 1987 was supposed to represent a prestigious but not too onerous dénouement to a distinguished accountancy career for Graham Corbett, the channel tunnel group's chief financial offi-

Only a year earlier, as senior partner of Peat Marwick's continental European firm based in Paris, he had been musing to his wife that a move to Enrotunnel, then in its infancy, would represent his ideal career move – "the project [of building a tunnel link between England and France] was always something I had believed in passionately," he

'Graham Corbett - he has been a rock," comments a banker

So it seemed too good to be true when Sir Alastair Morton. Eurotunnel's co-chairman, offered him the position, following up a suggestion from the Bank of England. After a morning of negotiations Mr Corbett agreed to take a fourday-per-week contract lasting 18 months.

In the event, his working week has typically been 80 hours or more - including a regular Sunday afternoon brainstorming session with Sir Alastair - as Mr Corbett has played the vital though exhausting role of protecting the interests of the group's shareholders while the comfinancial crisis to the next. "I suspect my contract still

had the time to examine it for some while. He is an avid city-hopper, going from emergency bank meeting to emergency bank meeting, propelling himself phlegmatically on crutches and

seemingly untroubled by leg braces which resemble Victorian instruments of torture. When representatives of the group's 200 banks are asked who have played important roles in keeping the group afloat despite its remarkable vicissitudes. Mr Corbett is

almost always cited.

"He has been a rock," comments a banker, who recalls ruefully that Mr Corbett has not given an inch when convinced that banks have demanded too high a price for supplying new funds - "no. we have not always seen eye to eye," the banker says. However, the job almost became one of the shortest on record -"I arrived a week after Black Monday" [in October 1987, when the stock market crashed], Mr Corbett recalls. "That was two weeks before 'equity three,' [Eurotunnel's code name for its third share sale, to raise £770m needed before tunnelling could start]." In the light of the stock mar-

ket's volatility - and the enor-

mous losses made by under-

was concern that Eurotunnel

pany has lurched from one would be unable to underwrite its share issue and thus that the project would be stillborn. says four days a week", he says nostalgically. "I haven't However, the company just succeeded, thanks to the combined marketing skills of 13 French and British securities

houses. For the first and last time, Mr Corbett had to sit on the sidelines and watch while the City decided Eurotunnel's



Graham Corheit has played a vital

fate. However, in Eurotunnel's two subsequent refinancings, Mr Corbett has been a leading protagonist. In the first refinancing, Mr Corbett knows better than anyone how close the group came to bankruptcy.

"In early 1990 we were down to our last £1m," he says. For a group which will have consumed £10bn in debt and emity by the time normal passenger services are being provided, that was tantamount to insolvency.

The costs of building the tunwriters on the British Petroleum share sale – there nel had been escalating sharply. However, Eurotunnel had thought in early January

1990 that it had persuaded Transmanche Link, the consortium of contractors working on the project, to take a greater share of the cost over-runs.

But until this new contract with TML was signed, Eurotunnel's banks refused to allow the company to draw any further funds. Giving no explanation, TML simply refused to sign. By February 20, Mr Corbett was forced to contemplate calling in the receivers.

In due course, however and following the intervention of the Governor of the Bank of England, Robin Leigh-Pemberton, now Lord Kingsdown -TMI, signed and Eurotymnel was given access to its bank facilities again.

After a nerve-wracking summer of that year - during which it appeared that some banks would block a muchneeded increase in its banking facilities - Eurotunnel secured access to a further £1.8bn of commercial bank loans, a £300m loan from the European Investment Bank and £566m

from a rights issue. Having pulled that one off. Eurotunnel and Mr Corbett are hopeful they can raise £1.3bn in debt and equity in a second refinancing taking place at the

However, being Eurotunnel's finance director is probably the corporate equivalent of appearing on Friday the Thirteenth just as one horror is out-manoeuvred, another pops out of the black hole.

Robert Peston

UK regions: Wales and the west

For now, a bridge too far

Travellers emerging in Rngland from the Channel tunnel will be greeted by a billboard extolling, in three languages, the virtues of holidays in Wales.

"We are seeing the tunnel as an opportunity," says Wales Tourist Board, which has booked the billboard for three

The board's direct response to the tunnel's opening is unusual in Wales and south-west England, where in general there is a "wait and see" attitude. As with tourism, it is hard to quantify in advance whether business will gain from the tunnel or lose because other regions have better links.

For its part, West Country Tourist Board believes its greatest risk is the potential loss of short-break holidays by people in south-east England for whom the tunnel will have novelty value.

"We hope they realise that they will arrive in a particularly unattractive part of northern France," says the board, optimistically. It has stepped up its own promotion in northern European mar-

Despite concern that inadequacies in the transport infrastructure could put the regions at a disadvantage, the tunnel is expected to have little immediate impact on comme cial activity. Mr Pat Lee, vice chairman of the south-west Confederation of British Industry and a director of Wincanton Distribution Ser-

vices in Wiltshire, says: "I long distances to it from much CBI said in response to the believe most truck companies here will continue to use the ferries, although it could be attractive to time-critical freight such as food."

Mr John Savage, chief executive of Bristol Chamber of Commerce and Initiative, says: "I believe the potential for the

Wales Chamber of Commerce and Industry, comments: "We're

waiting and

ply because the tunnel is open. If and when there are straight make a difference."

British Rail's only European intermodal terminal in the two regions will be at Cardiff, one of nine in the UK which will be able to transfer containers and swap bodies between road and rail. But freight services

will be demand driven. The south-west believes the lack of its own freight terminal places it at a disadvantage, although rail only accounts for 3 per cent of freight movements in the region. There is little incentive to use the Cardiff terminal: apart from the

face high bridge tolls to cross the Severn. For these hauliers, a better

location would be Avonmouth near Bristol, next to a thriving port, the M4 and M5 motorways and the new Severn crossing under construction. tunnel to greatly affect local RTZ, the mining group, has business is very limited." And made a planning application RTZ, the mining group, has Mr Graham Hall, director of for a private intermodal rail terminal on its

land there and in Wales and south-west is forming a England, there is a 'wait consortium with potential and see' attitude users. For pas-

watching – no one is intending to leap into vices, Cardiff will be linked contractual arrangements sim- from October via Bristol Parkway to London's Waterloo station to connect with the tunthrough rail services, it may nel. A new regional service lar, better north-south roads

> Meads and Bath to Waterloo. The tunnel has increased the pressure for the main lines to south Wales and the south-west to be electrified, although there is little prospect of this for many years. "Business believes the electrification of at least one route to the far south-west must be a priority, if full value is to be obtained from the Channel tunnel and in particular if the region is to attract inward

of the south-west, hauliers Department of the Environment's draft planning guidance for the region.
The South West Regional

Planning Conference is also pressing for the electrification of the main routes, and for investment in the road network. Like the CBI, it wants an upgraded south coast road to provide a choice of routes for the south-west. The CBI consider this "essential" to west country business in view of the likely additional traffic generated by the tunnel on the M4 and M5. The Road Haulage Associa

tion in Bristol agrees on the need to upgrade roads - "our problems are getting out of the district, rather than to the Channel tunnel." In particuwill run from Carmarthen in are wanted to the expanding west Wales via Bristol Temple port of Poole in Dorset. although plans are meeting environmental objections.

From Poole, Brittany Ferries starts a new service to St Malo on May 13 - "we think our west channel routes offer the only real alternative to the tunuel," says the company, which is carrying annually 2.8m passengers, 746,000 cars and 177,000 trucks on its routes from Poole, Portsmouth and Plymouth.

Roland Adburgham

Northern England views Humber ports as more important, writes lan Hamilton Fazey

A different perspective

about the Channel Tunnel in northern England. At best it is seen as an additional and complementary piece of infrastructure for industry and commerce, but not as a substitute because it will be inconvenient for much existing trade - and too small.

Mr Peter Lee, one of a long line of Sheffield steelmakers and this year's chairman of the Yorkshire and Humberside CBI regional council, says the Channel Tunnel is "very exciting", but is not as important to the north as the Humber estuary.

"The Channel Tunnel will actually handle only about one-tenth of the freight which passes through the Humber ports and their volume is growing by more than that every year," he told the regional CBI's annual dinner last Mr Lee sees Humberside - which the

CBI wants retained as a single eco-

nomic unit, not split into two in local government reorganisation - as a "vital component" in northern Europe's eastwest corridor. Goods move along this corridor between North America, Ireland, north-west England and Yorkshire and Humberside, while industry in the conurbations clustered around the M62 -

the main transport artery - has increas-

ingly been growing stronger because of it, driving the northern England econ-Manchester Airport - which is now challenging Copenhagen for seventh place in the European size league - is another central element in the existing infrastructure. Mr Jim McInstry. shortly before retiring as chief executive of Blackburn chamber of commerce, said its proposed second runway is more important to the regional economy than the Channel Tunnel. Many

In all the arguments about the Tunnel's potential, however, it is important not to compare apples with pears. The

northern business leaders share his

critical factors are which goods are being shifted and how far they are

The old argument about road versus rail is that rail carries things from point to point, while road carries them where people want them to go. Rail is fine for bulk items assembled or broken up at nodal points which are far apart, but road is best for single loads where delivery distances are under 400 miles.

The growth of the Humber ports has been partly on the back of road haulage. The UK motorway network puts the bulk of Britain from the Midlands northwards within half a day's tacho-

A similar argument applies across the North Sea at the Humber's main trad-ing port of Rotterdam, with the Ruhr little more than three hours distant. Last year, the Humber's ports and river wharves shifted more than 60m tonnes of cargo. This was more than the Thames and made the Humber Britain's busiest estuary. While only about a quarter of this was the sort of unitised freight the Tunnel will carry, 15m tonnes will be Tunnel's eventual maximum - and that not for several

evertheless, regional Britain is largely ready for the Tunnel in terminals, of which 11 have been constructed or are planned. The north has four ready: Liverpool docks, Trafford Park and Guide Bridge - one each side of Greater Manchester - and Doncaster in South Yorkshire. Another is planned for Wakefield in West York-

These promise to get freight to Brussels or Paris in 15 hours, Stuttgart in 28, Bordeaux in 29, Milan in 36, Vienna in 38 and Madrid in 65 hours. However,



Mersey Docks, above, expects throughput at the regional terminal to rise from the pre-35,000 units a year to 60,000 by the end of 1996 because of the Tunnel

these times are from terminal to terminal, not from door to door.

This is where road hauliers believe they will always score, say, shifting single loads regularly by Humber ferry between Bradford to Wuppertal between 6pm one day and 11am the next. New high-speed ferries and a floating ro-ro landing stage in the Humber have started operating this year to

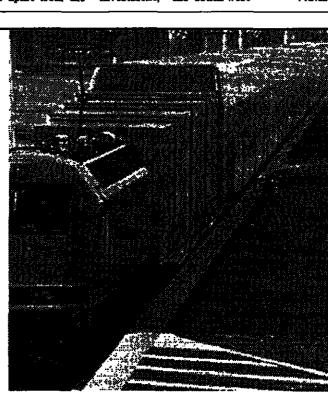
develop the market faster. They believe the Tunnel stands to score on regular shipments of such things as large numbers of engineering components, or long distance regular bulk shipments of high value added goods such as whisky, or perishable products such as chilled convenience

It should also do well out of the only fully inter-modal regional terminal which is in Liverpool docks. This already shifts containers straight off ships to trains. The Tunnel should make trade between southern Europe and North America - and intra-European trade with Ireland north and south - easier, with England forming a railway land-bridge between Liverpool and the Tunnel.

Mersey Docks and Harbour Company already runs a railway land-bridge operation from the terminal, via Harwich in East Anglia and Zeebrugge in Belgium. It expects the terminal's throughput to rise from its present 35,000 units a year to 60,000 by the end of 1996 because of the Tunnel.

There remains one difficult problem

for all the northern terminals, however the state of Britain's railway lines. The west coast main line, which will serve the terminals in Manchester, Merseyside and Lanarkshire is in urgent need of modernisation, with no sign yet of how and when the work will be done. The government hopes it will be through its private sector initiative in partnership with civil engineering and construction companies, but this is years away - and there are no offers yet from the private sector.



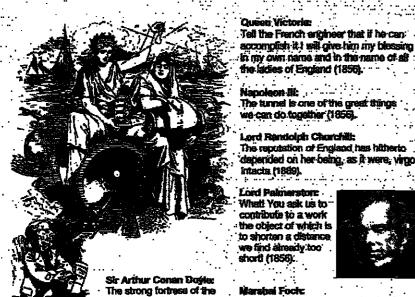
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Ayes and Noes from Victoria to Thatcher



(1913).

hen Nero began dig-ging the Corinth Canal with a golden

a silken tent, inaugurated the Suez Canal, they opened

spade and Napoleon the Third,

new avenues between nations.

between cultures.

masses, two countries.

brought it about

the last Ice Age.

some 3,000 years ago. France

was already a transit route for

Middle Ages had a

part of the defence. This

age under the most as

depended on her being, as it were, virgo

What! You ask us to the object of which is to shorten a distance we find already too shortl (1856).

The tunnel is one of the great things

The reputation of England has hitherto

se can do together (1856).

Lerd Randolph Churchill:

Had there been a tunnel under the Channel during the Great War it would have shortend the conflict by two years (1924).



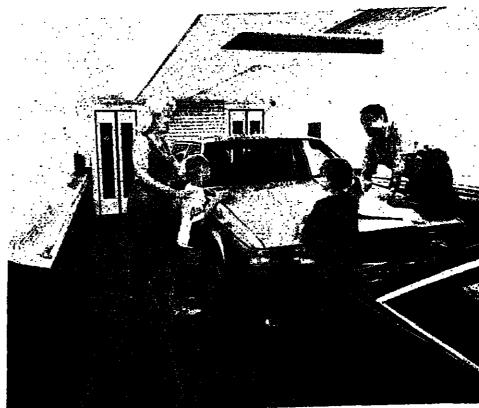
When it is finished it Mili pe 20 bobnja. Me shell jolly well have to build enother one Next sers of the new the should pay the full costs, including environmental costs (1989):

I have never been able to imagine any harm or clauger in the Chambel Turnel that would weigh for a moment against its enjurable benefits (1924).

The Government would object scarcely at all on military grounds (1855). There is no going back so this. The, Charnel Turnel will belong to school-children part of the geological scenery of net (1986).



À turinel violuici be no strategic danger... and if it existed and could be went open it migitit prove sin valuable and to our salety



Maurice Druon, veteran French writer and politician, calls for a new intimacy in UK-French relations

Much more than a physical union

Their feat went beyond the mere shortening of trade nish tin was carried through Burgundy and down the Rhône routes; they narrowed the gulf Valley to be mingled with cop-In presiding over the opening of the Tunnel, Queen Elizabeth per from Cyprus in the bronze foundries of Crete. What a feat Il and President Francois Mitterrand will perform an act of whenever I see a piece of parallel significance. Now it is ancient bronze.

not two seas which are being The EU is not the first comconnected but two land munity to which we have belonged. Caesar and Claudius This is a brilliant example of shackled us with a first Treaty mankind's power over the eleof Rome. It left us with our ments. Equally remarkable is straight highways, our French political will power that legal system and the small red bricks of English villages.

The idea of uniting French The battle of Hastings was and British soil has a long hisreally only a family afffair tory. The two lands were not between Norman cousins. Had always geographically sepait not been for Joan of Arc. rate. Some 10,000-12,000 years Henry VI would have ruled ago, there was no sea between from Paris and Britain would them. People could walk have been a French province. across, although with frozen For four and a half centuries feet since this was the end of France and England have quarreled like two country land-Ten thousand years is an owners. Our fence was a wall eternity in human terms, but a of water. We carried on our very short time in the earth's vendetta far and wide. We strove for mastery of Europe: history. Much nearer our time,

we battled for our rival

each other, of dreaming about marriage, or at least of having an affair.

Montesquieu lectured us about the political virtues of England. Hogarth's uncouth squires eventually became refined by contact with French manners. Good British families ordered French governesses for their children. French families employed English nurses. The French imported golf

and whisky. The English imported the jeu de paume, and then re-exported it to France as tennis. The English taste for claret started with the Black Prince. It was followed by a weakness for champagne and

That cautious betrothal, the Entente Cordiale, was arranged 90 years ago, just in time for the two families to bear the burden of 1914-1918

Trafalgar still stuck in the throats of the French and the Royal navies, with disastrous and tragic consequences in and the debt they incurred to Britain, together with all Europe's Resistance fighters, for its stubborn, unflagging and matchless heroism.

chill and Charles de Gaulle. those arrogant, argumentative father figures, who arranged

It was indeed Winston Chur-

the marriage through their first treaty on the Tunnel. The We must ensure that Britain and France are at the forefront of a Europe of Nations and that we

do not become submerged in it

stormy, grudging respect for each other. Weddings between nations are not floral occasions. The contracts are sealed only after bitter discussions. And the honeymoons are spoiled by clouds and storms. But Churchill and de Gaulle contributed their lucid visions of the future.

Europe was beginning to take shape. The fixed link will be one of the lewels in Europe's crown, uniting its north and its south.

rate schemes have been proposed. Borings have been sunk and abandoned. But it proved harder to drill through psychological barriers than through

mental gulf had been spanned

Britain and Europe bad been

agreed. The next milestone

was July 29, 1987, when the

final accord was ratified by the

leaders of Britain and France.

elements in this gigantic enter-

prise is that, over the years, so

many individuals in France

and Britain were committed to

its fulfilment. Diplomats, finan-

clers, industrialists, adminis-

trators, engineers, experts,

technicians of all kinds, fore-

One of the most important

the hardest rock strata. became accustomed to each other's behaviour, they pooled A key date was November 17. 1973, when Georges Pompidou their national assets. I regret the choice of "Le and Edward Heath signed the Shuttle" as the official name of

this new mode of transport. I would have preferred the words "shuttle" and "navette" to sit side by side like the heraldic arms of two families united by marriage.
I am told that "shuttle" was - the land route between Great

men and workmen - all pulled together to remove the obsta-

cles encountered on their long

They exchanged their skills

and their know-how, they

road beneath the waves.

adopted to please the English. Is that true? Our cross-Channel cousins also collect foreign words. Fowler's Modern English Usage shows that, like us, they sometimes overdo it. Yet good and correct use of our safeguard our joint civilisation.

The fixed link will encourage an exchange of lifestyle and natterns of thinking even more than the transfer of goods. In recent decades the French have adopted Le weekend, in

deed as well as verbally. We used to attend Mass in our Sunday best. But the term s'endimancher has disappeared. Nowadays, a French middle class family spends Sunday in tweeds and corduroys and the Day of Rest goes on for two or

even three days. I would like the British to acquire some of our French attitudes towards intellectual pursuits, and to stop fighting shy of showing a little culture, since generally they are much more cultured and erudite than they pretend to be. Do they give this impression because of embarrassment - or mere stinginess? After all, it is by sharing one's own knowledge that

one enriches others. For their part, the French need to emulate English people's innate feeling of superiority at simply being English and subjects of Her Majesty. What an asset in coping with life's surprises. "I did not fulfil my life's ambitions: I have a humdrum job; but yes I am English, a privilege which

We should all have some of that pride and self-assurance, that certainty of one's own identity. Because, wherever we turn, the outlook is worrying. To the south of the Mediterranean, where we have some influence, we see unchecked population growth and seething hatreds. Africa, scourged by massacres, is disintegrating. Asia has become conscious of its size.

Germany is swelling and rediscovering its instinct for hegemony: it has discarded the pointed helmet but now wields the mighty Deutsche Mark. The Balkans are ablaze. Russia will somehow regain its power: in her tribulations she needs it. and hankers for it. And the United States, despite all its appearance of power, has

become a riven society. France and Britain must be sure of themselves and their priorities. We must ensure that we are the vanguard of a Europe of Nations and that we are not submerged by it. Together we must weather the storms, of which we know nothing except that they are inevitable.

In this spirit, let us salute the fixed link as one of the greatest accomplishments of our age, as a bulwark and beacon of hope.

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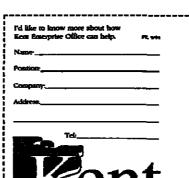
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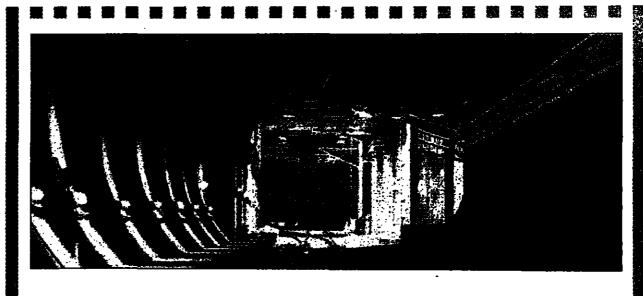
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Friday May 6 1994

Ripples in a haven of tranquillity

The island has had great success in obtaining funds from the European Union. But there are clouds on the horizon. Dominick Coyle and Peter Wise report

o its devotees, who return again and again as long-stay tourists, Madeira is heaven, or at very least an acceptable proximity. To less frequent visitors, and to first time arrivals, the island is still a haven of tranquillity in an extremely agreeable year-round temperate climate. The regulars, many of whom have spent their winters there for 20 years and more, tend to be what retail bankers love to call clients of high net worth, and they are prepared to pay for luxury. Others will settle

three star hotel accommodation, itself none too cheap. In a word, Madeira can be expensive for all visitors, but for companies setting up in free port operations there, it is one of the cheapest labour markets in Europe.

for less luxurious four and

Madeira, an autonomous region of Portugal, nestles in the Atlantic off the African coast and almost 1,000km from Lisbon. An area of some 700 sq km - not a great deal larger than the Isle of Man - Madeira sits on top of an extinct volcano rising some four miles from the sea. It is the dominant part of the Madeiran archipelago, which includes the much smaller island of Porto Santo to the north and the uninhabited islands of Desertas and Selvagens.

The discovery of Madeira in 1419 by the Portuguese explorer, Joao Goncalves Zarco, was almost a chance event since, like his successor, Christopher Columbus, he thought he was on a different navigational voyage. Claiming it for Prince Henry the Navigator, he named his discovery, A ilha de madeira (the wooded

all places of

KEY FACTS

Madeira was made an autonomous region of Portugal in 1978 with independent legislative and executive powers except in the areas of defence, diplomacy, currency and taxation.

... Atlantic Ocean, 978km southwest of Lisbon, 600km west of Morocco. One and half hours' flying time from

.... 253,045, of whom about 46% work. Services employs 51.9% of the working population, industry 33.8% and agriculture 14.3%

. the centre-right Social Democrats have held an absolute majority in the regional parliament since it was created

Jardim, re-elected to a fourth consecutive four-year term in 1992 Portuguese predominantly Roman Catholic ... warm summers, mild winters, moderate rainfall

average minimum 16 degrees, average maximum 22 degrees Portuguese escudo ... tourism, civil construction, embroidery, tapestry,

wickerwork, wine, flowers, benanas and tropical fruits, fishing GDP growth in 1993.....+6% (forecast) Inflation 1993 (consumer price index). 1994 regional budget income. . Es72.9bn

(An island legend that Madeira was discovered almost 75 years earlier by an Englishman, one Robert Machim, said to have been shipwrecked there with his mistress, contains more romance but, apparently, less historical accuracy. It is still touted by souvenir sellers in the capital, Funchal.)

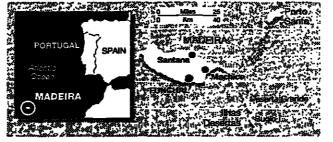
Madeira's international airport near Santa Cruz is well to the north-east of Funchal, and the landing there is no great joy, for passengers and pilots alike. The runway rests deep between two mountain ridges which can generate alarming cross-currents. Fortunately, the island's charms and its spectacular scenery quickly

reduce the pulse rate of new arrivals, and a glass or two of Madeira wine can soon complete the process. But the airport is a problem,

and according to Mr Alberto Joac Jardim, the colourful president of the regional gov-ernment since 1978, its planned expansion by some 500 metres on stilts out into the Atlantic, coupled with a two degree realignment of the existing runway "is the key to the development of the Madeiran economy". It will cost an estimated Es60bn (£233m), some two-thirds of the cost being met by the European Union. But it will allow widebody aircraft to land and considerably



The maring and port, viewed from the bey at Funchal, the island's capital



reduce transportation costs for both passengers and freight.

In fact, Brussels has been a veritable breadbasket for Madeira in recent years, ever since Portugal joined what was then the European Economic Community in 1986. As one of Europe's most deprived regions, and allowing for the additional economic disadvantages of its island status, Madeira has been raking in EU money under its regional, structural, training and any other fund for which Brussels can be tapped. Even his detractors on the island acknowledge that when it comes to extracting money from the EU, Mr

Jardim is a past master. The signs of this largesse are

everywhere. Virtually all major infrastructural developments carry the 12 gold stars against the European blue background, proclaiming who is really paying the piper. The internal debate, and it is considerable, is not about getting Brussels money, but on how it should be spent. The Jardim regime says it should go on more and better roads, new hospitals and education. Its critics would like more of the EU support to go towards modernising industry and in developing tourism.

Mr Antonio J. Trindade, a hotelier and head of the tour-

ism section of Madeira's chamber of commerce, believes there should be a better relationship between the regional government and the industrial and services sectors, and a more even distribution of the cash cow from Brussels. Other critics think that new highways are important for opening up much of the island outside Funchal to tourist development, but they ask rhetorically whether getting from A to B five minutes faster on a

small island amounts to a

great economic achievement or

the best use of resources. Mr Jardim will have none of this, claiming that his critics are the few remaining big landowners and some long-established British families, whom he seems to view as a somewhat lower order than the natives, or the small farmers who are seeking subsidies "but who just want to spend it in the tavern". All are agreed on one thing: as long as Brussels will pay, let us get as much as

Madeira has definitely benefited from the subventions

trial free trade zone is the regional government's main instrument for creating jobs, not just for the existing unemployed (under 5 per cent of the island's workforce), but for the thousands more who are underemployed in the declining agricultural sector. It is early days yet, and the development company's proheld back by the slow progress of the enabling legislation through the Lisbon parliament, but the initial signs are

provided under Lisbon legislation and approved by the European Commission, is the magnet to attract new industry, banking and related financial

services. In essence, the indus-

motional activities have been encouraging. Add in the sizeable revenues from the tourism sector, despite two poor years since the 1991 peak, and the island's economic performance is impressive. Provisional figures estimate last year's growth at around 6 per cent, compared with a sharp recession in Portugal itself.

On Madeira how the regional government allocates the funds from both Lisbon and Brussels is inevitably the main driving of course with the dynamics of the tourist industry. The immediate outlook is positive. but there are some in Funchal who see a possible dark cloud on the horizon, although the majority view is that their forecast is too pessimistic. It touches on South Africa after

from Brussels. In the mid-

1970s, the island's per capita

income was less than one quar-

ter of the European average:

today it is close to half, and

not all that much behind that

of Portugal itself. The Lisbon

government has been generous

to the island whose population of around 254,000 is less than 3

per cent of Portugal's. Nevertheless, Madeira is getting

some 6 per cent of all EU sup-

port going to Lisbon. The fact that the political structure of

Mr Jardim's regional govern-

ment mirrors that of the ruling

centre-right Social Democratic

Party on the mainland may

Impressive infrastructural

developments apart, EU funds

have assisted in the establish-

ment of the main activities

now being co-ordinated by the

Madeira Development Com-

pany. These include an indus-

trial free trade zone, an off-

shore financial centre. an

international services facility

tive tax and support conces-

sions through to the year 2011,

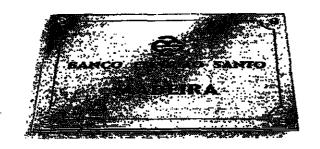
An extensive range of attrac-

and a new shipping register.

also have helped.

last month's general elections. Folk of Madeira origin, either born there or first-generation settlers in South Africa, are estimated to outnumber the entire population of the island by two to one. What if they were all to come back, or even some of them, many of whom would almost certainly be of the older generation? Such an influx would produce extraordinary economic and social strains, but the signs are that preliminary planning by South African Madeirans is focused more on Canada and Australia than on their original homeland. Madeira is keeping its fingers crossed. Lisbon government has made contingency plans, just in case.

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But economic weaknesses are negotiating strengths when it comes to securing aid from the European Union. EU funds currently account for a third of the region's income and are the driving force behind an economy where output rose by an estimated 6 per cent in 1993. while mainland Portugal suffered recession. Construction companies are benefiting from an extensive infrastructure

Tourism is another promising sector, representing 20 per cent of gross regional product and employing 9 per cent of a working population of 118,000. Operators differ over which niche Madeira should aim at within the higher-income bracket of the tourism market: but they agree that prospects are relatively bright both for

earnings and jobs. A third focus of development is the International Business Centre (IBC), whose tax exemptions represent another perk from the European Commission. However, its immediate impact on the economy is likely to be limited considering that the free-trade industrial zone will employ only 3,000 people - 2.5 per cent of the workforce - when all the projects currently in the pipeline are operating. Nor does much of the money that moves through offshore financial and services companies stay in

As a backward region of a backward country, Madeira

ccording to Mr Alberto

A Joan Jardim, president of the regional govern-

ment, Madeira has a current

unemployment rate of around

4 per cent. But definitions are

important. It may well be that

only four in every 100 of the

island's estimated total work-

force of more than 118,000 have

no job, but that does not cover

people in training for jobs

which may not be there and certainly does not include the

considerable underemployment

in the declining agricultural

Getting on for one-fifth of

Madeira's labour force is

engaged in agriculture, most of

them working minuscule plots

ditional sugar industry is fin-

ished and banana growers are

meeting tough competition

from lower-priced producers

industries of embroidery, tap-

estry and wickerwork are just

beautiful products of family

These underemployed

with no work, need jobs as the

workforce.

Madeira's traditional cottage

A backward region of a backward country: Peter Wise on the economy

EU funds pay for roads

inflow of European funds since Portugal joined what is now the European Union in 1986. The Lisbon government raises no objection to allocating Madeira between 5 and 7 per cent of its EU aid, although the island accounts for only 2.5 per cent of the population.

"We could never catch up with the rest of the country if we received any less." says Mr Alberto Joso Jardim, president of the regional government since 1978. "The central government has given Madeira the fullest support in our negotiations with Brussels and never

GDP per capita was 24% of Europe's average in 1976; now it is near 45%

complained that we were getting more than our fair share." He acknowledges that being a stronghold of the centre-right Social Democrats, also the governing party in Lisbon, has helped the island win favour with the central administra-

Madeira is due to receive about Es200hn in EU funds from 1994 to 1999, double the amount transferred during the previous five years. Lisbon also supplies about 10 per cent of regional budget spending out of the central budget. This is to compensate for the duty the island loses on goods imported into mainland Portugal but consumed in Madeira and for the corporate tax paid by companies operating in the island whose consolidated profits are taxed in Lisbon. In effect, Lis-



Machico, a fishing village: will European funds help it catch up? 🕬 Aron

bon covers the cost of servicing Madeira's Es100bn public debt. Statistics testify to the development that these funds and a central government guarantee enabling Madeira to run up debt have brought to the island. Madeira's GDP per capita was 24 per cent of the European average in 1976; it is now

close to 45 per cent. The figure for Portugal as a whole is 58 per cent. Emigration, once the only hope of affluence for the island's workers, has fallen to a trickle. Over the same period the number of doctors has increased threefold, the infant mortality rate has been cut from 75 to 12 per 1,000 births receive secondary school edu-

Most money is being spent on infrastructure. New roads sweep across the island, cut-ting through the precipitous volcanic terrain by tunnel and viaduct. "Where do the people go on all these roads?" Mr Ani-bal Cavaco Silva, Portugal's prime minister, is reputed to have asked during a recent visit to the island, which is only 61km long and 25km wide Almost 200km of new roads

18 years, cement consumption has increased fivefold and con-"Farmers must cultivate profitable crops, not cabbages and potatoes"

have been built over the past

struction companies employ 13 per cent of the workforce. But critics question the wisdom of pouring so much cash into con-

crete and tarmac The regional government has made itself popular by building impressive infrastructures but what is going to hapnen when the money from Europe stops flowing?" asks Mr Jose Carlos Mota Torres, leader of the opposition Socialists, who have 12 seats in the 57-member regional parliament compared with the Social Dem-

The Socialists argue, as do some businessmen, that a bigger share of the EU money should be allocated to the private sector in the form of investment incentives. "This would help create an economy that would be able to stand on its own in the future without subsidies from Brussels," says one Madeira economist.

"The people who make these kinds of criticisms were born with a silver spoon in their mouths," argues Mr Jardim in his usual forthright style. When they say incentives they mean subsidies. They don't know how to make a profit in a market economy. But I'm not going to help them." Building roads, schools and hospitals improves the quality of life for everyone, he says. The voters who have elected him with an absolute majority in four successive elections so far appear to

Mr Jardim adopts the same tough-minded approach towards reforming agriculture, which provides little more than a subsistence living for 15 per cent of the workforce. There is no future for agriculture in Madeira unless people cultivate profitable crops such as tropical fruit and flowers. But many farmers still insist on growing cabbages and potatoes," he says. The government provides fruit tree seedlings and flowers for farmers who want to adapt. "But I'll never give them money," says Mr Jardim, "they'd just spend it in

One planned infrastructure investment is causing little controversy. The regional government will spend about Es60bn, of which the EU will provide two-thirds, to extend Madeira's airport runway by 500 metres. This will enable tourism operators to bring in larger aircraft and lower the cost of transporting cargo, which currently has to compete with passengers for expensive and limited space. Not least, the extension, involving a realignment of the runway should make landing on the island a less alarming experi-

will have to be reduced if the promotion of the zone is not to he undermined. His company currently exports through Fun-

Promotion for the industrial zone is being narrowly targeted, not least because of a limited budget, and the focus is much on south-east Asia and on countries with which Portugal has traditional ties, including Brazil and South Africa, where the development company maintains offices or representative agents. Brazilian companies form a good slice of the initial tenants of

All tax concessions applicable within the legal framework of the International Business Centre, the umbrella organisation covering the industrial zone, the offshore financial centre and the international services division, also apply to the new International Shipping Register (MAR). Specifically, the crews of MAR-registered vessels get their wages tax-exempt and are not subject to Portuguese social security

What is less specific are the prerequisites on crew nationality. The enabling legislation appears to be clear-cut: "The captain and 50 per cent of the crew of each registered ship should be citizens of any of the member-states of the European Union," itself a major concession by the labour unions which initially insisted on half of all crews being Portuguese

This dispute has held up the operational launch of MAR, but an uneasy compromise has been reached with the unions and Brussels. This gives MAR's Technical Commission flexibility in agreeing crew composition and nationality with vessel owners "under special circumstances".

However, owners of registered yachts have no restrictions on crews, but they do benefit from all the fiscal and other concessions on offer, including the absence of any exchange controls. Overall, not a bad deal, and a great deal better than Portugal's traditional shipping register.

Peter Wise and Dominick Coyle profile the regional president

Jardim is used to getting his own way

An 18th century Portuguese naval engineer's map of Maastricht, a town now symbolic of European integration, hangs in the office of Mr Alberto Joao Jardim, president of the regional government of Madeira, reflecting what he describes as his "European

Two other plaques in the pink-walled villa of his official residence affirm character traits that critics say are more prevalent in the 51-year-old politician. One states simply: "J'ai toujours raison." The other, in English, asks: "Why argue? Just let me have my own way."

Mr Jardim has been getting his own way for a long time. He has headed the regional government

since Madeira Was made autonomous in 1978 and has won an overmajority on the island for Portugal's centre right Social Democratic Party (PSD) in 23 consecutive elections local, regional national and

Alberto Joso Jardim: has scored Admirers 23 consecutive election victories describe Mr

Jardim as a forceful character who has been singularly successful in winning support from the European Union and the central government in Lisbon for an unparalleled period of development in Madeira. Critics brand him as little short of a dictator who has wielded the EU's largesse in a way largely designed to bolster his own power.

Mr Jardim acknowledges that his 16 years in office have placed a strain on the demo-cratic system. There is no doubt that a prolonged period in power carries risks and creates dependencies," he says. "Voters have to choose between the lesser of two evils: electing an alternative party whose policies they have no faith in or re-electing the same party knowing the dan-

gers of protracted office." He has not yet decided whether to stand for re-election to a fifth four-year term as regional president in 1996. Like many strong leaders. Mr Jardim's chief concern is to groom a successor who will not split his party into rival factions. Even opponents accept that he is more likely to lose his leadership as the result of a coup within the regional PSD than through an lection victory by the Socialist party, which polls about 30

per cent of the vote. Why has he enjoyed the overwhelming support of voters for so long? Certainly, he has charismatic appeal. During a recent carnival, he danced along the streets of Funchal dressed as a Zulu. He is known to break out into song during election es. "I'm a wag and a

bon vivant by nature," he says, drawing on a Churchillian cigar. "But my behaviour is also didactic. Leaders on the mainland practise politics as if it were a Roman Catholic rite. I want to show young people that democracy is fun, natural and human."

People vote for him, he says, because he has improved the quality of life in Madeira and broken down a hierarchical society. A secondary-school teacher and part-time businessman who had taken 13 years to acquire a law degree, he came to the fore in Madeira after the 1974 revolution that gal; first as a journalist, then as the regional leader of the newly-formed PSD.

Mr Jardim first approved legislation providing low-interest credit for peasants to buy the land they worked. "A worker wasn't allowed past the kitchen of his boss and all hell was let loose if a poor boy wanted to marry a rich girl, he says. "All that has char Madeira is now predominantly lower middle class.

He is clearly not sorry that some English families may not be as prominent in Madeira's economy as they were before the revolution and shows considerably more enthusiasm for rich Madeirans from emigrant communities who have

returned to the

del

Such criticisms would appear to sit ill with an English family such as the Blandys, whose interests in areas vital to tourism and wine are being developed in a modern entre preneurial

spirit that must benefit the island. But Mr Jardim is firm some would say sinbborn in his convictions.

His main opposition, he says, is not the Socialist party but landowners and once-pow erful economic groups resentful of the position and influence they have lost. He complains of systematic harrying from the Diario de Noticlas of Funchal, the best-selling newspaper in Madeira, which is owned by the Blandy family. And he is not averse to ban ning journalists from the mainland at press conferences

Among criticisms that those on the left level against Mr Jardim is that he stirs up popular prejudices of auti-communism and latent separatism. The first he readily admits to "I am equally anti-communist and anti-fascist but I'm not anti-alcohol por anti-women. The second he dismisses: "I'm as Portuguese as anyone from the mainland" - and considerably more Enropean, he claims, than many "provin-cial" and "old-fashioned imperialist* politicians in Lisbon.

Before the last regional elections in 1992, the Socialists raised charges of Mr Jardim's high-handed treatment of the opposition to the level of a national debate on an alleged "democratic deficit" in Madeira. But the PSD was reelected with two-thirds of the backfired on the Socialists, says Mr Jardim, because the people of Madeira "don't like to see their problems debated on the mainland".

One question on which Mr Jardim would have welcomed more debate from the mainland was the possibility of his standing against Mr Mario Soares when the Socialist leader was first elected as president of Portugal in 1986. Is Mr Jardim likely to be a candidate in the next presidential election in 1996?

"Portugal has invested a lot in me and I am ready to serve in whatever capacity my country chooses," he says. "But being a decorative figure like the Queen of England doesn't attract me. I like executive

Dominick Coyle on progress at the industrial free trade zone

Asia and Brazil targeted

and towards industry and the services sector, most noticeably, of course, tourism.

An important role in this transformation, according to the regional government, will be played by the Madeira elopment Company and, in particular, its Industrial Free Trade Zone. The magnet to

Container costs are high, service the zone directly

attract companies to Madeira is a generous package of fiscal concessions, start-up grants and worker training subsidies all wrapped round the island's full membership of the Eurothat, painstakingly-made and pean Union through the motherland, Portugal.

cottages or very small units with a predominant female Mr Jose Antonio Camara, who represents the regional government's 25 per cent stake in the Madeira development highly skilled workers, and many more equally skilled but company, points to the island's full membership in, and conseisland's economy is transquent access to, the European formed away from agriculture Union as one of the zone's

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agent and learn all about

denting your handicar in

er tennis.

returbished with the charm left intact.

major attractions to non-EU companies seeking to manufacture for the European market, but he is by no means a oneticket salesman.

The zone's other attractions, he emphasises, include the benefit of access to all double taxation treaties ratified by Portugal total exemption from any form of taxation until the year 2011, potential benefits from various EU structural funds to help with financing projects and with the training of workers, a stable political system and an excellent year-round climate and, not unimportantly, low operational

There are, he agrees, some drawbacks, not least transportation costs, since Madeira is an island out in the Atlantic almost 1,000km from the Portuguese coast. There are twice-weekly cargo sailings between Lisbon and Madeira, and less frequent services between the island and London, Rotterdam, Bremen, Antwerp, and also to New York, but container charges are high; the aim of Mr Camara and his team is to trim costs at the new port now being completed to service the

freeport zone directly. The industrial complex itself is located on a 130-hectare site at Canical on the eastern end of Madeira, some 8km from the international airport. It is securely fenced off and is being

developed in stages.

Each site or unit has direct access to all basic infrastructure, including energy supply, telecommunications, water and sewerage, and the supporting port facilities include a termi nal for discharging liquids and cereals by suction, together with berthing facilities for both general cargo and containers.

plete with 29 operating entities, while a further 12 companies are awaiting completion of their registration and licence procedures. Manufacturing and warehousing activities under way include clothing, computers, watch-making, paper prod-ucts, tobacco, household appliances, optics, canning, jewellery and petroleum prod-

One of the first companies to take up residence in the zone is a garments manufacturer. Sheenotto Industries is a Macau-Hong Kong joint venture, most of whose output is pre-sold to the US. Its resident director, Mr Rul Alberto Santos, himself a Madeiran, speaks glowingly of the skills and adaptability of local workers, many of whom came from the island's craft industries. Sheenotto recruits are put

through an intensive eightmonth training programme,

the cost of which is grant-aided up to 50 per cent. On the completion of their training, workers do not have to pay any social security contributions until they are 22 years of age, although they are covered for

Local labour laws, which apply equally in the industrial zone, permit short-term labour contracts of six months' duration, renewable at the employoption up to a limit of three years - after which workers are either made permanent, or are dismissed

Mr Santos, whose company employs over 150 people, is impressed with the zone's facilities and with the enterprise and support of the development company, but like Mr Camara, he points to heavy shipping costs and says these

Relocating costs

Labour costs in Madeira vary according to industry, but they are generally low by European Union standards. Annual wages for unskilled labour are in the region of Es500,000 (£2,000), and roughly double for skilled workers. Most workers are covered by employer-union labour agreements, but this is

not a legal requirement.

The initial development phase of the zone is now comtled to one month's holiday a

Residence permits for non-Social costs are high. The and Sweden.

employer's contribution is 24.5 per cent of basic salary, while the employee pays 11 per cent, but there are concessions dur-ing training periods and for younger workers. Overtime is usually payable

at a rate of 150 per cent for the first hour, and 175 per cent hereafter. Overtime worked during rest days is double the basic salary. There are some few varia-

tions on vacation periods, but

year, plus some 14 additional days covering statutory holi-

Portuguese employees are easily obtained, provided they come from other European Union countries, or are nationals of countries with which Portugal has close relations. These include the US. Brazil Office rents: rates in Fun-

chal range from Es15,000 to Es30,000 a square metre per annum, depending on location. House rents: these again depend on location, monthly charges varying between Es100,000 and Es150,000. A large apartment in a prime site could ran to Es200.000.

Buying a house: a four-bed room apartment in a good location in Funchal could cost Es30m or more.

Dominick Coyle

employees generally are enti-

Profile: DIONISIO PESTANA

Tentacles of a top hotelier

Dionisio Pestana is the acceptable face of capitalism in Madeira (though he does have a few detractors). He admits to working a 26-hour day, has no hobbies (since he gave up squash and tennis a few years ago), does not admit to being one of the richest men on the island - which he certainly is and shows no signs of easing up in his myriad business activities. But then, why

should he: he is a mere 42 years of age? First, a few business facts. The privately-owned Group Pestana, in effect controlled by Dionisio, runs the largest hotel chain in Madeira, but not only that: it is the biggest hotel operator in mainland Portugal, with extensive properties in the Algarve, Estoril and Lisbon. In addition, the group is

effective control (the

cent of the shareholding, but no blocking "golden share") of the Madeira Development Company, which runs the island's expanding free trade industrial zone, the offshore financial centre, the industrial services division and the international shipping register. Mr Pestana also has an inter-

est in a charter airline, owns travel agencies in a number of European centres, including Britain and Germany, and has even ventured into electricity generation by buying in some windmills and associated expertise from Denmark, "because our group's electricity bills were getting too high". Overall, an extensive industrial and commercial portfolio, and Mr Pestana is not even a native son

The foundations of the Pes-

his father, Manuel, who like thousands of his fellow-islanders left Madeira in the 1950s and 1960s in search of work and fortune. In those days, Madelra was slap-hang in the sealane from Britain to South Africa via the Cape Verde islands. Manuel took one of these passing ships to the Cape and soon built up a highly successful construction company in South Africa and Mozambi-

Dionisio is Manuel Pestana's only child. After university, where he took a business degree, the young Pestana went to Europe on a working vacation. Visiting his father's island homeland, he was encouraged by Manuel's dream of building a luxury hotel in

Continued on next page



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The island's offshore facilities cater mainly for serious investors, writes Peter Wise

The late starter has an advantage

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with the Blandys and some one of 12 children born to a

tourism promoters but are strictly taboo to the advertisers of the island's offshore facilities. Madeira offers an international business centre with a special fiscal regime, they make clear, not any kind of refuge or sanctuary from the taxman. Madeira's concern not to be dubbed a

tax haven or a fiscal paradise is part of a wider effort to promote the offshore centre as being in the top tier of what officials prefer to call the world's fiscally privileged locations, attracting the serious, financially-aware investor rather than the lightweight, fly-by-night operator. Born after a gestation period of almost a

decade, the island's offshore financial and services centre offers some premium qualifications. Membership of the European Union provides both regulatory guarantees and full integration with a pre-eminent market, including free circulation of goods and services and the right of establishment.

Madeira shares this status with only Ireland and Luxembourg, given that offshore centres in the Isle of Man, Gibraltar and the Channel Islands hang more tenuously to the EU by various differently-defined threads. Secondly, Madeira's offshore centre

forms an integral part of Portugal. Companies setting up on the island are

Words like "haven" and "paradise" trip readily off the tongues of Madeira's

> governed by the same corporate law and central bank regulations as their counterparts on the mainland and consequently enjoy the same guarantees of legal credibility and economic

> "Companies in Madeira have to operate within an EU-wide regulatory and reporting framework," says Mr William Cunningham, a Lisbon-based partner with consultants Arthur Andersen, "Companies that don't like disclosing their accounts will not be attracted there. The island is developing as a base for legitimate international tax planning that can stand up to scrutiny." The scope for such planning is

> considerable. Offshore service companies and financial institutions in Madeira enjoy total exemption from taxes on profits and capital gains until the end of 2011. Investors also benefit from total exchange freedom, including free repatriation of capital and profits, free transfers of funds used in commercial operations and

complete freedom to import capital.

This looks attractive compared with a leading EU competitor for offshore banking operations such as Ireland. The corporate tax rate in Dublin's offshore centre is 10 per cent, a partial tax holiday that runs out in 2005. Furthermore, new companies will not be allowed to set up there beyond the end of 1994. "Being a late starter is an advantage for Madeira in this

efficiency, accessibility, target markets including the applicability of bilateral tax treaties, language and quality of life.

Madeira scores high in terms of operating costs, Salaries, rents and real estate prices compare favourably with other European locations. The island will become within easier reach after the airport runway is extended and is an

Offshore service companies and financial institutions enjoy total exemption from taxes on profits and capital gains until the end of 2011, investors also benefit from total exchange freedom

respect," says Mr Cunningham, "if only because many companies will be shut out of Dublin."

But analysts consider it unlikely that Brussels will allow one EU offshore zone to benefit from significantly greater tax advantages than another for any considerable period. This means that the main competitive advantages of such centres will be weighed in terms of costs, inviting place to live. The question of target markets largely explains why all but one of the 27 banks and two insurance companies that have set up offshore operations in Madeira are Portuguese or branches of Portuguese subsidiaries of foreign institutions. The only exception is ABN-Amro Bank, which is nevertheless targeting onshore Portuguese clients. From Madeira we can provide all the

services of an overseas branch without the heavy costs of establishing a network abroad," says Mr Pedro Libano Monteiro, of Banco Comercial Portugues, the first bank to set up an offshore branch in Madeira in 1989. Banks made good use of the island by lending to onshore Portuguese companies at competitive rates, made possible because they did not have to pay withholding tax on the interest. But the Lisbon authorities wrapped them across the knuckles in March 1993 by abolishing the exemption.

The central bank clarified the issue in January 1994 by creating two types of offshore banking branches. Exterior offshore branches (SFEs) can deal only with non-residents in Portugal and enjoy full tax exemption. International offshore branches (SFIs) can deal with residents in Portugal. They have to pay the same tax as an onshore branch except that they can accept deposits from individuals non-resident in Portugal without having to

withhold a 20 per cent tax on the interest.

Mr David Caldeira, head of the Madeira

operations of Caixa Geral de Depositos, the only bank so far to open an SFI, says this can mean savings of 50 to 100 basis points on the cost of financing a foreign exchange loan to an onshore Portuguese company. Much of the private funding for offshore bank branches comes from Brazilians who like to keep part of their savings abroad and are drawn to Madeira by the affinities of language and culture.

Brazil is also one of the 12 countries that have double taxation agreements with Portugal. Companies can use these to reduce withholding taxes on royalties. interest and dividends. But Portugal is one of the few countries whose roll of bilateral taxation agreements is, in fact, decreasing. Denmark unilaterally severed its agreement in January 1994 because it considered Danish investors were using the Madeira facilities to abuse Danish tax

Other impediments that analysts say Madeira needs to iron out include minimum capital requirements that are much higher than those of its main competitors; an obligation to draw up accounts in escu dos showing exchange losses or gains that can be purely fictitious for service companies whose business is solely in dollars or another foreign currency; and the impossi-bility of setting up variable capital companies by fund managers with varying num-

Should the island stay exclusive or aim for the charter market? **Dominick Coyle** reports

The debate on tourist strategy

Two or three thoughts may strike the first-time visitor to Madeira on the 30km taxi ride to the island capital, Funchal, from the airport near Santa Cruz. The highway is impressively modern - thanks to generous support funds from the European Union – as it weaves through mountains and valleys, a countryside not unlike parts of southern Italy, even down to the terraced mini-vineyards.

And then there are the buildings, lots of new ones and more in the making, small hotels, large homes and the timeshare developments. An initial reflection: is planning getting out of control in Madeira, and is the traditional tranquillity of an island oasis favoured by the rich and famous (especially during the winter months) about to be ruined? On the flight back from Funchal to Lisbon on the Portuguese mainland, the thought persists, despite efforts by local officials who insist that planning is now well and truly under con-

The emphasis on "now" is important, for there is something like a consensus on the island, and particularly with most of the main players in the tourist industry, that things did get out of hand more than a little in recent years. There is just a suspicion that the longestablished regional government had been rather flexible with the approval of planning permissions, sometimes it is claimed to local political and

The argument about the best tourism strategy for the island tends to be drawn in extremes. although in truth it is relative. Should Madeira remain an expensive quality market with top-class notels and supporting facilities for the relative few who can afford them, or should it shift a little or even more downmarket to attract greater tourist numbers to somewhat more modest surroundings? Should the aim be the individual traveller or the charter scale, since the island's size and infrastructure could not cope with, say. Spanish-type

Group Pestana, Madeira's and Portugal's largest hotel chain, is inclined to go for greater numbers: the English Blandy family, with extensive hotel, transportation and wine interests, wants to remain upmarket. Mr Antonio J. da Trindade, himself an hotelier and head of the tourist section of the Madeiran chamber of commerce, is somewhere in-between in the debate, although he is currently developing a new upmarket hotel project



A street scene in Funchal, the island's capital and the centre of the tourist industry

other local interests. Mrs Conceicao Almeida Estudante, the recently appointed rezional director of tourism,

maintains a diplomatic silence on the . Portuget 12% debate, but she is aware of the The argument might not be all that important if tourism

was a fringe activity, but it very definitely is not. Tourism is responsible for some 20 per cent of Madeira's gross product and gives employment to around one in 10 of the total labour force, and very many more if you add in downstream support and supply services.

The industry peaked in 1991 with almost 400,000 tourist

What have the following in

common: Lord Birkenhead.

George Bernard Shaw, Sir

Winston Churchill, Gregory

Peck, Amy Mollison (nee John-

son), King Umberto of Italy,

Sir Ernest Shackleton and the

composer Pedro de Freitas

The answer is that all, at

one time or another, were guests of Reid's Hotel in

Even its commercial compet

itors speak of it with awe. Said one hotelier: "In Madeira we

have five de luxe botels, and

Reid's is not just an hotel; it

is a luxurious tourist institu-

tion frequented by the world's

great and good. It was opened

in 1891 by Willy and Alfred

Reid, three years after the

death of their father, who was

then there is Reid's!"

Tentacles of a top hotelier

Madeira.

Overnight visitors by country Spain 2% Norway 3% Denmark 5% Finland 5%. Others 12%

> 120,000 some 20 years earlier, but it has come through hard times in the past two years with tourist numbers down almost 10 per cent last year as the European recession took hold. Visitors from Portugal apart, Britain has traditionally been the largest single market for Madeira, and while numbers were down last year, the

> Kilmarnock (Scotland) farmer

in 1822. Fourteen years later.

the family doctor recom-

mended a warmer climate for

family, Reid's is unquestion-

ably one of the world's leading

hotels, perched on a rocky cliff

point on the outskirts of Fun-

chal and enclosed in an exten-

sive garden which rivals the

city's Botanical Gardens

where William Reid lived in a

Reid's today with its 152

luxury bedrooms, 21 suites,

poolside restaurants, two din-

ing rooms and adjacent Villa

Cliff restaurant (soon to be

Italian trattoria) represents

tourist living on a very grand

scale. Here everyone still

dresses for dinner, and in

black tie. Your daily FT, or

ovinta (large house).

Now owned by the Blandy

the ailing son, William.

vided one in island. Other large national groupings were German, Swedish and French. Madeira's try remains centred in Funchal and its immediate sur-

roundings,

UK still pro-

majority of the island's 16,000 hotel beds are situated. But as the island's road network is extended west of Funchal and eventually to the northern coastline, it is hoped to decentralise the industry and spread tourist benefits to the poorer and mainly unspoiled parts of the region, albeit (it is claimed) with a tighter planning regime

The most recent of three the mountain tops to the fields Reid's provides oasis of luxury and villages below, indeed any of the world's leading newspapers, doesn't quite come gift-wrapped, but it is

hung on your bedroom door in a white linen bag. Presiding over this expensive oasis is the Swiss-born Kurt Schmid, formerly of the Hotel Le Plaze in Basie, the Drake in New York and the Arthur's Seat in Cape Town. As Reid's general manager since the spring of last year, he gives the impression of appreciating that his hotel's clientele is ageing and that there is a need to go for new business, mainly in Germany and North America. If tourists from there can pay for luxury, Reid's is still one of the world's unique havens. The golf, tennis, swim-ming and fishing for 250-kilo-

grams marlin are simply an Dominick Coyle potential for tourist development, taking into account the size of the island, its population and the need for better balanced economic growth, has suggested an optimum number of 25,000 hotel beds with the emphasis on four-star rather than de buxe accommodation.

Environmental considerations apart, there are certainly some limitations to immediate expansion. Larger aircraft and more direct sched-uled flights to Funchal must await the further expansion of the runway at Santa Cruz and deregulation of the European airline industry to permit more carriers to land there. The indirect flights via Lisbon are both tedious and time-consuming. and TAP Air Portugal's present virtual monopoly on the Lisbon-Funchal route means that space is often hard to get. (The problem is aggravated for tourists by the fact that native Madeirans get concessionary rates on the Lisbon service, thus taking up a large slice of

available tickets.)

wonderful climate - the aversummer weather reading mined by bulk shipment of of 22 degrees falls to only 16 more than half the island's during winter months - it has production to be used mainly no real beaches, so the big hotels must provide swimming pools and this is inevitably reflected in accommodation costs. The island does have some stumning scenery, exotic gardens, a well-development internal transport system of buses and relatively inexpensive taxis and marvellous facilities for walking through the mountains and along the Levadas, Madeira's wonderfully constructed 800km of irrigation drinks market dominated by channels that take water from big multinationals.

But the visitor wanting to experience one of the cleanest environments in all Europe, and to play or simply laze on more than 7km of fine sandy beaches, should visit (by short air trip, or by boat) the small island of Porto Santo to the north of Madetra and part of the same autonomous region. There are few cars for hire, but lots of taxis for sight-seeing, including to the house where Christopher Columbus lived for a while after his marriage to Isobel Moniz, the daughter of the local governor.

But be warned. Accommodation is very limited on Porto Santo so, as all the good guide books say, be sure to book in advance. Most of the smart people you will find there, especially during summer months, are the industrial and commercial elite from Funchal who know a good find, and who tend to keep quiet about

image, a style and approach suggesting that he rules his business empire like a dictator, a one-man executive board. Again, a brief period of reflection, and then Mr Pestana rattles off the names of his top aides and departmental managers. Most notably, he mentions the widely-respected Mr Fran-

cisco Costa, who heads the

Madeira Development Com-

But there is a small slip. "Costa is my man on the company; we meet every second Monday for discussions and policy decisions." Its all rather precise, but then Mr Pestana is a precise man, but he is not without wit and a good deal of charm. He prefers living on Madeira rather than in Lisbon because he can get around quicker and avoid the social circle in the Portuguese capital. That, he implies, would be rather a waste of profitable

working time. One thing is for certain: Manuel Pestana, now in retire-

New image for old wine

The island is best known for an eponymous product

attain the level of prestige advertising and customer-driven distribution channels it commanded from the 17th to 19th centuries. Falstaff celebrated Malmsey, the bestknown variety, in Henry IV an anachronism as the island had not been discovered at the time at which the Shakespeare

play is set. America's Declaration of Independence was toasted with Madeira wine. The island's growing importance as a port of call in the 18th century led to voyagers such as James Cook and Horatio Nelson taking thousands of gallons on their journeys to

south-east Asia and the Americas. By 1780 more than 70 British Madeira wine shippers were

based in Funchal. Today, only seven export dominated by Britons. The Again, while Madeira has a cachet of Madeira as a fine drinking wine has been under-

> as a cooking ingredient in France and Germany. Rising production costs have turned Madeira from being the cheapest to the most expensive of the three fortified wines -Madeira, port and sherry - in the past 20 years. And the limited scale of the industry means that shippers cannot support the marketing and distribution costs required to stay abead in an international

But steps are being taken to meet the challenges that an age-old industry faces in an era of mass marketing. The Madeira Wine Institute (IVM), a state body set up in 1979 to sell cheap Madeira under their regulate and promote the own cooking-wine labels will wine, has set an ambitious taralso be willing to adapt. Unlike port and sherry, which are also fortified with get of not only doubling production from 3.2m litres a year grape brandy, Madeira has but also of substantially increasing the quality of the been unable to benefit from wine and thus the value-added mechanisation. "The terrain is it produces for the island's too hideously steep for any machine," says Mr Richard Blandy of the Madeira Wine

Less than 2,000 hectares of terraced vineyards currently cultivate the four varieties of vine used in making Madeira wine. These produce Malmsey, a sweet, rich dessert wine and the best-selling variety; Bual, fragrant and full-bedied; Verdelho, elegant and golden; and Sercial, light, dry and served chilled as an aperitif. "The forests and mountains

Peter Wise reports that vineyards once used for making table wine are switching to export varieties with European support

houses remain, but the largest Madeira mean that our vine-in terms of turnover are still yards cannot be greatly Camara de Lobos, close to the extended," says Mr Alberto Casimiro of the IVM. But vineyards used for making the non-marketable table wine that many Madeirans drink at home are being converted to the cultivation of export varieties with the support of European Union funds. And vines

used for producing wines for blending into Madeira will be replaced with superior stock. More cultivation of the better vines will produce more high-quality, higher-priced wine. This will put pressure on some exporters to place greater emphasis on bottled wine than on bulk wine destined for culinary sauces, cally-demanding and cheaper to produce but also much less profitable. It remains to be

seen whether the big French

and German importers who

Company, which accounts for 40 per cent of the quality bottled Madeira wine market, with annual sales of Es840m out of Es1.5bn for the whole industry. The other cost problem is that most vineyards are minuscule. His company buys

grapes from more than 2,000 farmers each harvest. But exporters are moving to cut costs and enhance quality by improv-

ing their own methods. Henriques and that cover two-thirds of Henriques, a large shipper,

will open a new winery in vineyards, later this year. Madeira Wine is investing Es800m, of which 60 per cent will be provided by EU grants in a new winery in the same area. It is due to be ready for the 1996 harvest.

Madeira wine shippers are also developing links with bigger drinks companies to extend their marketing and distribution capacity. Warre, a leading group in the port wine trade, bought a controlling stake in Madeira Wine in 1989. La Martinicaise, a large French importer of bulk Madeira wine, has formed an association with the shipper Justino, apparently to guarantee supplies. Barbeito, another Funchal-based exporter, has established ties with companies in Japan, the biggest importer of bottled Madeira

TAKE A BUSINESS OR HOLIDAY BREAK TO MADEIRA "THE PEARL OF THE ATLANTIC"

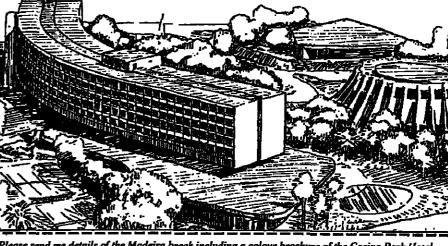


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Continued from previous page

the centre of Funchal. With

foresight - the Salazar dictatorship still ruled in Portugal and using some of the early profits from his construction business Mr Pestana acquired a prime site in the city in the mid-1960s.

The timing of his arrival in Madeira could not have been better, coming immediately after the 1974 revolution in Portugal. He explains: "The whole country, including of course Madeira, was in a state of shock after the years of dictatorship. There were few eurs: no-one at that time had the courage. resources or commercial vision to take the plunge in the new, free Portugal. As someone from outside, I guess I saw things differently."

His father's dream was soon fulfilled with the building of the Madeira Sheraton (since renamed the Madeira Carlton where Mr Pestana retains his executive offices), and was the foundation for the group's rapidly-expanded hotels chain on the island. His next move was into Portugal itself.

While tourism in all its forms - Mr Pestana is a believer in a totally integrated approach with the company controlling direct sales outlets. providing air transportation and accommodation - remains the sheet-enchor of the group, its tentacles have moved much wider.

In a dominant partnership deal, which is unusual to say the least, Pestana has joined with the regional government to control and operate the Madeira Development Company, and hence ownership (until the year 2017 under existing arrangements) of the industrial zone, the offshore financial centre and the embryo shipping register (MAR). Mr Pestana may be in

bed with the local regime, but

he makes no bones about who calls the shots; his 75 per cent stake is what counts. And, to be fair, that appears

to be the way that Mr Alberto Joao Jardim, the president of the regional government, likes it. The International Business Centre was conceived as an operation run for free enterprise businesses by free-enterprise businessmen. The founding philosophy was to keep the bureaucrats at bay and red tape to a minimum, maximise fiscal and other operating concessions and get as much development money as possible out of Brussels (the European

Taming the bureaucrats and getting the necessary enabling legislation through the central government and parliament in Lisbon did, however, take its time - in fact almost the entire decade of the 1980s. But Dionisio Pestana was not idle. When not alternatively praising and threatening the regional and

central governments, he was busy scouting out other similar tax-free facilities, making a special study of the industrial zone at Shannon in Ireland and of the Dublin financial services centre.

Does his considerable hold on the island's economy bring with it social obligations to the wider community? Mr Pestana reflects for a while before saying "No. We're in business for

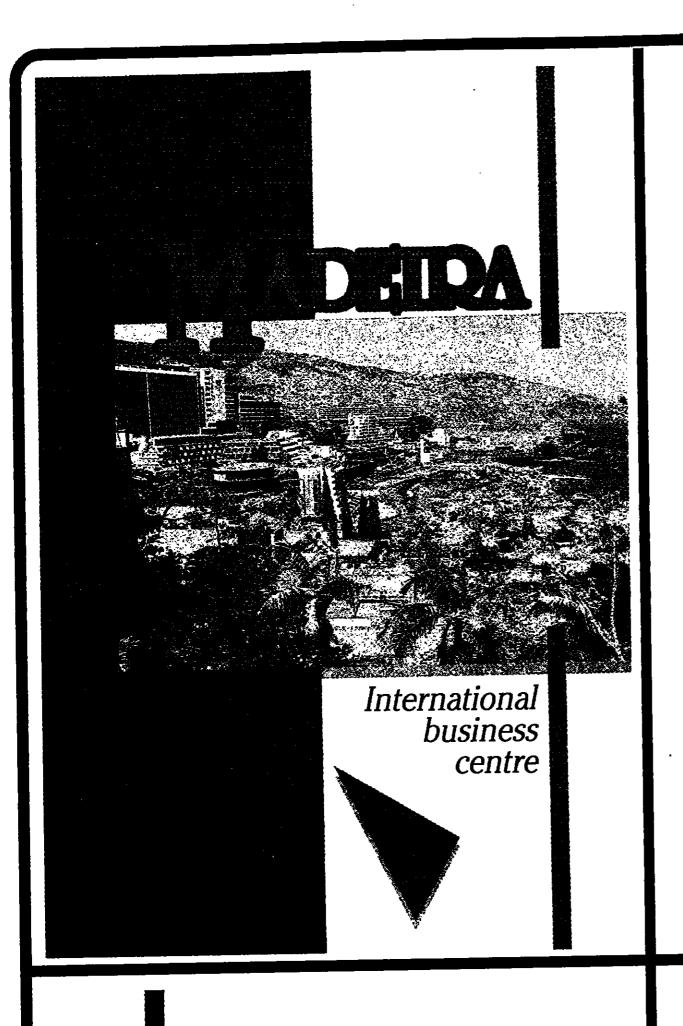
"All our enterprises are designed to be profitable, but it doesn't always happen that way"

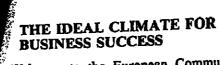
profits, to make money. All our enterprises are designed to be profitable, but it doesn't always happen that way. To that extent, i guess, we often do end up with a social input." As an afterthought, and with-out clarification, he mentions that he does have a "small foundation".

The collective "we" and "our" in his replies seem to run against the man's very

ment, can be proud of his boy.

Dominick Coyle





Welcome to the European Community's newest International Business Centre, a fast developing free trade zone, an up-and-coming offshore financial centre, a highly efficient international services centre and an

men's civil some

ggs 75%, 2553 ± 234.4 ; ;

international shipping register. Let us introduce the Autonomous Region of Madeira. We hope that whatever your international business, you will consider Madeira as a

Endowed with great natural beauty and much local talent and initiative, Madeira is poised to become one of the European Community's most exciting centres. Strategically placed within easy reach of the major Atlantic shipping routes, Madeira is your stepping stone into Europe and other international destinations.

LIVING IN MADEIRA

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The island enjoys a mild mediterranean climate that has helped develop The island enjoys a mild mediterranean climate that has helped develop a thriving tourist industry over the last century. Still a major staging post for international cruise liners, Madeira's volcanic origins have produced spectacular contrasts in scenery and vegetation. The island is rightly famous for its wine, fine embroidery, flowers and today boasts a fast growing international shipping centre.

Housing is readily available, to rent or purchase, with efficient services.

The island also offers international schooling.



COMMUNICATIONS IN MADEIRA

Funchal airport is just 3 hours away from most major European capital cities, and just over 1 hour from Lisbon.

The island has a modern digital telecommunications system, with direct dialling anywhere in the world.



Free Trade Zone

All industrial and commercial activities are permitted within the limited area of the free trade zone, subject to the preservation of the natural environment and to the standard rules of public health and national security.



Offshore Financial Centre

Banks and financial institutions may establish offshore operations anywhere in Madeira. Such institutions may engage in foreign exchange operations free from domestic restrictions. Transactions may be carried out in any currency. Supervision of these activities shall be conducted by the Central Bank of Portugal.



International Services

Madeira welcomes international companies whose business is that of trading, management, invoicing, ship operating, holding and trusts. The granting of a licence to operate lies with the regional authorities.



International Shipping Register

Madeira now boasts an International Shipping

Register - MAR. MAR offers the global shipping industry some of the most favourable and competitive conditions available today. All vessels registered will fly the Portuguese flag.



Madeira's International Business Centre is managed and administered by SDM - Madeira Development Company, a private operated company that has the full support of the Autonomous Region of Madeira. The Madeira Development Company is committed to providing international companies, and those who work within them, with the finest standards of any offshore centre in the European Community.

For further information on

- Free Trade zone - The Offshore Financial Centre - International Services - International Shipping Register

please contact



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